# WHEATON RIVER MINERALS LTD

## Annual Report
## Year Ended December 31, 2003

*The following should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2003 and related notes thereto which have been prepared in accordance with Canadian generally accepted accounting principles. All figures are in United States dollars unless otherwise noted.*

## 2003 HIGHLIGHTS

- **Net earnings of $57.7 million ($0.14 per share) compared with $5.6 million ($0.04 per share) in 2002.**
- **Operating cash flows of $126.7 million (2002 - $4.4 million).**
- **Sales of 450,100 gold equivalent ounces and 113.7 million pounds of copper (2002 – 106,300 gold equivalent ounces).**
- **Total cash costs of $61 per gold equivalent ounce (2002 - $182).**
- **The Company remains unhedged to increases in gold, copper and silver prices.**
- **Cash and cash equivalents at December 31, 2003 of $151.9 million (2002 - $22.9 million) and working capital of $147.5 million (2002 - $24.4 million).**

## OVERVIEW

Wheaton River Minerals Ltd. ("Wheaton" or the "Company") is a growth-oriented precious metals mining company with operations in Mexico, Argentina, Brazil and Australia.

During 2003, Wheaton acquired a 37.5% interest in the world-class Alumbrera gold/copper mine in Argentina and 100% of the Peak gold mine in Australia. In addition, the Company acquired the Los Filos gold project in Mexico and, on January 9, 2004, the Amapari gold project in northern Brazil.

On March 30, 2004, the Company announced a proposed combination with IAMGold Corporation ("IAMGold") that will be completed by way of a plan of arrangement whereby each share of the Company will be exchanged for 0.55 of an IAMGold share. As a result of the proposed transaction, the combined company will be held 68% by existing Wheaton shareholders and 32% by existing IAMGold shareholders (74% and 26% respectively, on a fully diluted basis). The combination is subject to receipt of all requisite regulatory approvals, third party consents and other conditions customary in transactions of this nature. The combination must be approved by at least two-thirds of the votes cast by the shareholders of Wheaton and by a majority of the votes cast by the shareholders of IAMGold. The shareholder meetings are expected to be held in June 2004, with the transaction expected to close shortly thereafter. If the combination does not occur as a result of one of the parties accepting a superior proposal from a competing bidder then the party which accepted the superior proposal will be required to pay a fee equal to three percent of its market capitalization to the other party.

## Summarized Financial Results

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| | (Notes 2 and 3) | (Note 4) | (Note 5) |
| **Sales** ($000's) | **$212,633** | $34,693 | $9,010 |
| • Gold (ounces) | **369,300** | 59,700 | 33,700 |
| • Silver (ounces) | **6,054,200** | 3,208,900 | - |
| • **Gold equivalent (ounces)** (Note 1) | **450,100** | 106,300 | 33,700 |
| • **Copper (lbs)** | **113,718,700** | - | - |
| **Net earnings (loss)** ($000's) | **$57,659** | $5,602 | $(10,733) |
| **Earnings (loss) per share - basic** | **$0.14** | $0.04 | $(0.18) |
| **- diluted** | **$0.13** | $0.04 | $(0.18) |
| **Cash flow from operations** ($000's) | **$126,678** | $4,361 | $1,691 |
| Average realized gold price ($'s per ounce) | **$365** | $326 | $278 |
| Average realized silver price ($'s per ounce) | **$4.88** | $4.55 | $- |
| Average realized copper price ($'s per lb) | **$0.86** | $- | $- |
| **Total cash costs** (per gold equivalent ounce) (Note 6) | **$61** | $182 | $173 |
| **Cash and cash equivalents** ($000's) | **$151,878** | $22,936 | $1,735 |
| **Total assets** ($000's) | **$891,005** | $152,098 | $21,207 |
| **Long-term debt** ($000's) | **$122,423** | $- | $- |
| **Shareholders' equity** ($000's) | **$556,118** | $108,054 | $16,316 |

(1) Gold and silver are accounted for as co-products at the Luismin mines. Silver sales are converted into gold sales using the ratio of the average gold price to the average silver price for the period. For the year ended December 31, 2003 the equivalency ratio was 75 (2002 – 69) ounces of silver equals one ounce of gold sold.

(2) Includes Peak's results from March 18, 2003 onwards.

(3) Includes, with the exception of sales, 25% of Alumbrera's total operating results for the period March 18 to June 23, 2003, and 37.5% of the results for the period June 24 to December 31, 2003. Sales include 37.5% of Alumbrera's total sales for the period from June 24 to December 31, 2003. Prior to June 24, 2003, the Company used the equity method to account for its 25% investment in Alumbrera.

(4) Includes Luismin's results from June 19, 2002 onwards.

(5) Includes results of the Golden Bear mine in Canada, which ceased commercial production in 2001 and is presently in the process of being reclaimed.

(6) The calculation of total cash costs per ounce for Peak and Alumbrera is net of by-product copper sales revenue.

Net earnings for 2003 were $57,659,000 or $0.14 per share, compared to $5,602,000 or $0.04 per share in 2002. The increase was primarily as a result of the contribution from the Alumbrera and Peak mines, acquired during 2003.

## Quarterly Financial Review

| 2003 | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| (Notes 2 and 3) | | | | | |
| Sales ($000's) | **$17,257** | **$28,814** | **$63,142** | **$103,420** | **$212,633** |
| • Gold (ounces) | 35,100 | 92,600 | 105,400 | 136,200 | 369,300 |
| • Silver (ounces) | 1,561,900 | 1,500,500 | 1,515,900 | 1,475,900 | 6,054,200 |
| • **Gold equivalent (ounces)** (Note 1) | **55,600** | **112,400** | **126,100** | **156,000** | **450,100** |
| • **Copper (lbs)** | **3,551,000** | **28,139,400** | **28,296,800** | **53,731,500** | **113,718,700** |
| **Net earnings** ($000's) | **$4,064** | **$11,088** | **$14,689** | **$27,818** | **$57,659** |
| **Earnings per share - basic** | **$0.02** | **$0.03** | **$0.03** | **$0.06** | **$0.14** |
| **- diluted** | **$0.02** | **$0.03** | **$0.03** | **$0.05** | **$0.13** |
| **Cash flow from operations** ($000's) | **$9,752** | **$20,990** | **$31,453** | **$64,483** | **$126,678** |
| Average realized gold price ($'s per ounce) | $347 | $353 | $366 | $385 | $365 |
| Average realized silver price ($'s per ounce) | $4.64 | $4.61 | $5.00 | $5.29 | $4.88 |
| Average realized copper price ($'s per lb) | $0.68 | $0.74 | $0.81 | $0.96 | $0.86 |
| **Total cash costs (per gold equivalent ounce)** (Note 5) | **$175** | **$90** | **$98** | **$(39)** | **$61** |

| 2002 | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| (Note 4) | | | | | |
| Sales ($000's) | $- | $915 | $15,840 | $17,938 | $34,693 |
| • Gold (ounces) | - | 1,500 | 25,900 | 32,300 | 59,700 |
| • Silver (ounces) | - | 90,900 | 1,445,800 | 1,672,200 | 3,208,900 |
| • **Gold equivalent (ounces)** (Note 1) | - | 2,900 | 47,800 | 55,600 | 106,300 |
| **Net earnings** ($000's) | $262 | $1,814 | $949 | $2,577 | $5,602 |
| **Earnings per share - basic** | $0.00 | $0.02 | $0.01 | $0.01 | $0.04 |
| **- diluted** | $0.00 | $0.02 | $0.01 | $0.01 | $0.04 |
| **Cash flow from operations** ($000's) | $(1,050) | $2,443 | $(2,663) | $5,631 | $4,361 |
| Average realized gold price ($'s per ounce) | $- | $299 | $331 | $323 | $326 |
| Average realized silver price ($'s per ounce) | $- | $4.47 | $4.60 | $4.51 | $4.55 |
| **Total cash costs (per gold equivalent ounce)** | $- | $176 | $182 | $186 | $182 |

(1) Gold and silver are accounted for as co-products at the Luismin mines. Silver sales are converted into gold sales using the ratio of the average gold price to the average silver price for the period.

(2) Includes Peak's results from March 18, 2003 onwards.

(3) Includes, with the exception of sales, 25% of Alumbrera's total operating results for the period March 18 to June 23, 2003, and 37.5% of the results for the period June 24 to December 31, 2003. Sales include 37.5% of Alumbrera's total sales for the period from June 24 to December 31, 2003. Prior to June 24, 2003, the Company used the equity method to account for its 25% investment in Alumbrera.

(4) Includes Luismin's results from June 19, 2002 onwards.

(5) The calculation of total cash costs per ounce for Peak and Alumbrera is net of by-product copper sales revenue.

## RESULTS OF OPERATIONS

| | 2003 | | | | |
|---|---|---|---|---|---|
| | Luismin (Note 1) | Peak (Note 2) | Alumbrera (Notes 3 and 4) | Corporate | Total |
| **Sales** ($000's) | **$66,251** | **$36,475** | **$109,907** | **$-** | **$212,633** |
| • Gold (ounces) | 106,300 | 97,200 | 165,800 | - | 369,300 |
| • Silver (ounces) | 6,054,200 | - | - | - | 6,054,200 |
| • **Gold equivalent (ounces)** (Note 1) | **187,100** | **97,200** | **165,800** | - | **450,100** |
| • **Copper (lbs)** | - | **2,964,100** | **110,754,600** | - | **113,718,700** |
| **Net earnings (loss)** ($000's) | **$10,802** | **$5,277** | **$43,156** | **$(1,576)** | **$57,659** |
| Average realized gold price ($'s per ounce) | $366 | $365 | $365 | $- | $365 |
| Average realized silver price ($'s per ounce) | $4.88 | $- | $- | $- | $4.88 |
| Average realized copper price ($'s per lb) | $- | $0.85 | $0.86 | $- | $0.86 |
| **Total cash costs (per gold equivalent ounce)** | **$186** | **$250** | **$(191)** | **$-** | **$61** |

(1) Gold and silver are accounted for as co-products at the Luismin mines. Silver sales are converted into gold sales using the ratio of the average gold price to the average silver price for the period. For the year ended December 31, 2003 the equivalency ratio was 75 ounces of silver equals one ounce of gold sold.

(2) Peak results include the Company's 100% interest from March 18, 2003 onwards. The calculation of total cash costs per ounce of gold is net of by-product copper sales revenue.

(3) Includes, with the exception of sales, 25% of Alumbrera's total operating results for the period March 18 to June 23, 2003, and 37.5% of the results for the period June 24 to December 31, 2003. Sales include 37.5% of Alumbrera's total sales for the period from June 24 to December 31, 2003. Prior to June 24, 2003, the Company used the equity method to account for its 25% investment in Alumbrera.

(4) The calculation of total cash costs per ounce of gold for Alumbrera is net of by-product copper sales revenue. If copper production were treated as a co-product, average total cash costs at Alumbrera would be $117 per ounce of gold and $0.40 per pound of copper.

| | 2002 | | |
|---|---|---|---|
| | Luismin (Note 1) | Corporate | Total |
| **Sales** ($000's) | **$34,693** | **$-** | **$34,693** |
| • Gold (ounces) | 59,700 | - | 59,700 |
| • Silver (ounces) | 3,208,900 | - | 3,208,900 |
| • **Gold equivalent (ounces)** (Note 1) | **106,300** | - | **106,300** |
| **Net earnings** ($000's) | **$4,990** | **$612** | **$5,602** |
| Average realized gold price ($'s per ounce) | $326 | $- | $326 |
| Average realized silver price ($'s per ounce) | $4.55 | $- | $4.55 |
| **Total cash costs (per gold equivalent ounce)** | **$182** | **$-** | **$182** |

(1) Gold and silver are accounted for as co-products at the Luismin mines. Silver sales are converted into gold sales using the ratio of the average gold price to the average silver price for the period. For the year ended December 31, 2002 the equivalency ratio was 69 ounces of silver equals one ounce of gold sold.

## Luismin Mines

The Company acquired the Luismin gold/silver mines during June, 2002 for a purchase price of $76,886,000 including acquisition costs. As part of the purchase consideration, a contingent payment of 11,355,113 of the Company's common shares was due if the price of silver averaged $5 or more per ounce over a period of 60 consecutive trading days prior to June 19, 2004. On September 29, 2003, this condition was satisfied and the additional shares were issued in October, 2003.

| | | 2003 | | | | | 2002 |
|---|---|---|---|---|---|---|---|
| | | Q1 | Q2 | Q3 | Q4 | **Total** | Total |
| • Ore mined (tonnes) | | 189,800 | 184,500 | 186,300 | 181,800 | **742,400** | 422,900 |
| • Ore milled (tonnes) | | 183,900 | 181,900 | 182,800 | 176,000 | **724,600** | 420,700 |
| • Grade (grams/tonne) | - Gold | 4.43 | 4.54 | 5.01 | 5.21 | **4.79** | 4.40 |
| | - Silver | 291.23 | 288.92 | 285.88 | 291.15 | **289.28** | 263.14 |
| • Recovery (%) | - Gold | 96 | 96 | 97 | 97 | **97** | 96 |
| | - Silver | 90 | 91 | 91 | 90 | **91** | 90 |
| • Production (ounces) | - Gold | 25,100 | 25,400 | 28,300 | 28,100 | **106,900** | 57,400 |
| | - Silver | 1,554,700 | 1,527,600 | 1,520,700 | 1,483,300 | **6,086,300** | 3,218,300 |
| | - Gold equivalent (Note 1) | 45,700 | 45,600 | 49,200 | 48,000 | **188,500** | 104,000 |
| • Sales | - ($'000's) | $15,653 | $15,103 | $17,152 | $18,343 | **$66,251** | $34,693 |
| | - Gold (ounces) | 25,600 | 25,000 | 27,600 | 28,100 | **106,300** | 59,700 |
| | - Silver (ounces) | 1,561,900 | 1,500,500 | 1,515,900 | 1,475,900 | **6,054,200** | 3,208,900 |
| | - Gold equivalent (ounces) (Note 1) | 46,100 | 44,800 | 48,300 | 47,900 | **187,100** | 106,300 |
| • Net earnings ($'000's) | | $3,312 | $2,768 | $4,145 | $577 | **$10,802** | $4,990 |
| • Average realized gold price ($'s per ounce) | | $353 | $350 | $366 | $393 | **$366** | $326 |
| • Average realized silver price ($'s per ounce) | | $4.64 | $4.61 | $5.00 | $5.29 | **$4.88** | $4.55 |
| • Total cash costs (per gold equivalent ounce) | | $185 | $200 | $180 | $179 | **$186** | $182 |

(1) Gold and silver are accounted for as co-products at the Luismin mines. Silver sales are converted into gold sales using the ratio of the average gold price to the average silver price for the period. For the year ended December 31, 2003 the equivalency ratio was 75 (2002 - 69) ounces of silver equals one ounce of gold sold.

During 2003, the Luismin gold/silver operations in Mexico sold 187,100 gold equivalent ounces at a total cash cost of $186 per ounce, compared with sales of 106,300 gold equivalent ounces at a total cash cost of $182 per ounce in 2002. The Luismin operations were acquired during June 2002, and hence the 2002 Wheaton operating results only include six and a half months of the Luismin operations.

General and administrative expenses in 2003 were $4,816,000 compared to $3,899,000 in 2002. The 2003 costs represent the full year of operations whereas 2002 costs were incurred since the acquisition date on June 19, 2002. Costs incurred during the six and a half months of 2002 were abnormally high due to non-recurring expenses that resulted from the acquisition of Luismin by Wheaton.

Luismin owns a significant number of exploration properties, several of which are being explored and funded by joint venture partners. Luismin exploration expense in 2003 was $1,103,000 compared with $375,000 in 2002.

The tax rate for the Luismin operations averaged 42% for the year, as compared with an expected rate of 32%, primarily as a result of certain expenses not being deductible for tax purposes. Luismin paid no significant cash taxes in 2003.

## Peak Mine

The Company acquired the Peak gold mine in Australia on March 18, 2003 for a purchase price of $33,924,000 including acquisition costs.

| | | 2003 | | | | |
|---|---|---|---|---|---|---|
| | | Q1 | Q2 | Q3 | Q4 | **Total** |
| • Ore mined (tonnes) | | 20,000 | 247,500 | 352,700 | 219,200 | 839,400 |
| • Ore milled (tonnes) | | 25,300 | 157,200 | 157,500 | 153,100 | 493,100 |
| • Grade | - Gold (grams/tonne) | 6.14 | 6.56 | 7.81 | 5.93 | 6.74 |
| | - Copper (%) | - | 0.49 | 0.53 | 0.54 | 0.52 |
| • Recovery (%) | - Gold | 85 | 87 | 85 | 88 | 85 |
| | - Copper | - | 67 | 84 | 77 | 75 |
| • Production | - Gold (ounces) | 4,100 | 28,900 | 33,600 | 25,700 | 92,300 |
| | - Copper (lbs) | - | 778,700 | 1,438,100 | 1,396,800 | 3,613,600 |
| • Sales | - ($'000's) | $1,605 | $9,475 | $14,639 | $10,756 | **$36,475** |
| | - Gold (ounces) | 4,800 | 26,700 | 39,200 | 26,500 | **97,200** |
| | - Copper (lbs) | - | - | 1,843,000 | 1,121,100 | **2,964,100** |
| • Net earnings (loss) ($'000's) | | ($121) | $1,298 | $1,721 | $2,379 | **$5,277** |
| • Average realized gold price ($'s per ounce) | | $331 | $355 | $365 | $391 | **$365** |
| • Average realized copper price ($'s per lb) | | $- | $- | $0.80 | $0.90 | **$0.85** |
| • Total cash costs (per ounce) (Note 1) | | $330 | $221 | $223 | $302 | **$250** |

(1) The calculation of total cash costs per ounce of gold is net of by-product copper sales revenue.

Peak sold 97,200 ounces of gold and 3.0 million lbs of copper during the nine and a half months from the date of acquisition, March 18, 2003. Total cash costs averaged $250 per ounce (net of by-product copper sales revenue), being approximately 10% in excess of budget.

The first nine and a half months of ownership were very much a transitional period. Major changes in underground operating methods during the fourth quarter negatively impacted production and total cash costs for the quarter, but are expected to result in improved long-term results. Other significant improvements during the year included a change in senior mine personnel and a 20% reduction in the workforce. These changes resulted in short-term operating inefficiencies, negatively impacting the 2003 operating results. However, the long-term benefits of many of these changes started to be seen in late 2003, and further significant improvements are expected commencing in early 2004.

During the second quarter of 2003, mining of the Perseverance ore body was commenced, which contains high grades of gold and copper. Sales of the copper/gold concentrate produced from the Perseverance ore body commenced in the third quarter.

The tax rate for Peak approximates 30%; however, no significant cash taxes were paid during 2003.

## **Alumbrera Mine** (Wheaton interest – 37.5%)

The Company acquired a 25% interest in the Alumbrera gold/copper mine in Argentina on March 18, 2003 and accounted for its interest using the equity method until June 24, 2003, at which time it increased its interest in Alumbrera to 37.5%. As a result of the Company's acquisition of this additional 12.5% interest, the Company has proportionately consolidated its 37.5% share of the financial statements of Alumbrera from June 24, 2003 onwards. The total purchase price was $270,459,000 including acquisition costs. The Alumbrera mine is operated by Xstrata plc, who owns a 50% interest in the mine.

| | | 2003 | | | | |
|---|---|---|---|---|---|---|
| (Wheaton's share only) | | Q1 | Q2 | Q3 | Q4 | Total |
| • Ore mined (tonnes) | | 322,700 | 2,171,700 | 2,219,300 | 2,409,000 | 7,122,700 |
| • Ore milled (tonnes) | | 330,800 | 2,235,400 | 3,043,100 | 3,415,000 | 9,024,300 |
| • Grade | - Gold (grams/tonne) | 0.57 | 0.81 | 0.83 | 0.94 | 0.86 |
| | - Copper (%) | 0.52 | 0.69 | 0.67 | 0.69 | 0.67 |
| • Recovery (%) | - Gold | 79 | 74 | 73 | 74 | 74 |
| | - Copper | 91 | 89 | 89 | 89 | 89 |
| • Production | - Gold (ounces) | 4,800 | 43,300 | 59,000 | 75,900 | 183,000 |
| | - Copper (lbs) | 3,457,100 | 29,912,800 | 39,895,700 | 47,098,200 | 120,363,800 |
| • Sales | - ($'000's) | $- | $4,236 | $31,351 | $74,320 | **$109,907** |
| | - Gold (ounces) | 4,700 | 40,900 | 38,600 | 81,600 | **165,800** |
| | - Copper (lbs) | 3,551,000 | 28,139,400 | 26,453,800 | 52,610,400 | **110,754,600** |
| • Net earnings ($'000's) | | $516 | $7,706 | $8,919 | $26,015 | **$43,156** |
| • Average realized gold price ($'s per ounce) | | $301 | $355 | $366 | $379 | **$365** |
| • Average realized copper price ($'s per lb) | | $0.68 | $0.74 | $0.81 | $0.96 | **$0.86** |
| • Total cash costs (per ounce) (Note 1) | | ($81) | $(112) | $(132) | $(277) | **$(191)** |

(1) The calculation of total cash costs per ounce of gold for Alumbrera is net of by-product copper sales revenue. If copper production were treated as a co-product, 2003 average total cash costs at Alumbrera would be $117 per ounce of gold and $0.40 per pound of copper.

Wheaton's share of Alumbrera's 2003 results amounted to 165,800 ounces of gold and 110.8 million lbs of copper at a total cash cost of minus $191 per ounce, net of by-product copper sales revenue.

Total cash costs for Alumbrera decreased significantly throughout the period of ownership, from minus $81 per ounce in the first quarter to minus $277 per ounce in the fourth quarter. The primary reasons for this improvement were the increase in grades mined of both gold and copper and the increase in the selling price of copper during the period.

Product shipments late in the third quarter (Wheaton's share – 20,400 ounces of gold and 13.4 million lbs of copper) were not recognized in sales until the fourth quarter due to shipping schedules that delayed the transfer of title, which is a requirement in the Company's accounting policy for revenue recognition. Had these shipments been recognized in the third quarter, as opposed to the fourth quarter, Wheaton's third quarter sales and net earnings would have been increased by, and the fourth quarter results would have been decreased by, approximately $15,700,000 and $5,600,000, respectively.

The tax rate for Alumbrera approximates 30%; however, no significant cash taxes were paid in 2003.

## Corporate

| ($000's) | 2003 | 2002 |
|---|---|---|
| General and administrative expenses | **$(4,838)** | $(2,430) |
| Interest and finance fees | **(2,089)** | (405) |
| Gain on sale of marketable securities | **2,095** | 3,593 |
| Foreign exchange gain | **4,775** | - |
| Other expenses | **(1,095)** | (304) |
| (Loss) earnings before income taxes | **$(1,152)**$4 | 54 |
| Income tax (expense) recovery | **(424)** | 158 |
| Corporate net (loss) earnings | **$(1,576)** | $612 |

General and administrative expenses in 2003 totaled $4,838,000 compared with $2,430,000 in 2002. The increased costs in 2003 reflect the increased level of corporate activity.

Interest and finance fees increased from $405,000 in 2002 to $2,089,000 in 2003, primarily as a result of the acquisition of Alumbrera. The 2003 foreign exchange gain of $4,775,000 resulted from the appreciation of Canadian dollar denominated cash deposits against the US dollar during the year.

The tax rate in Canada approximates 38%; however, no significant cash taxes were paid in 2003.

## Non GAAP measures – total cash cost per gold equivalent ounce calculation

The Company reports total cash costs on a sales basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The following table provides a reconciliation of total cash costs per ounce to the financial statements:

| (in $000's, except per ounce amounts) | 2003 | 2002 |
|---|---|---|
| Cost of sales per financial statements | $91,954 | $19,355 |
| Alumbrera equity adjustment (Note 1) | (5,628) | - |
| Treatment and refining charges | 15,302 | - |
| Non-cash adjustments | (2,226) | - |
| By-product copper sales | (75,743) | - |
| Royalties | 3,712 | - |
| | $27,371 | $19,355 |
| Divided by gold equivalent ounces sold | 450,100 | 106,300 |
| **Total cash cost per ounce** | $61 | $182 |

(1) Total cash costs are calculated as if the Company's initial acquisition of a 25% interest in Alumbrera had been accounted for on a proportionately consolidated basis. The consolidated financial statements however present the initial 25% interest using the equity method until the Company increased its interest to 37.5% on June 24, 2003, and thereafter accounted for its interest on a proportionately consolidated basis.

## LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2003 the Company had cash and cash equivalents of $151,878,000 (December 31, 2002 - $22,936,000) and working capital of $147,484,000 (December 31, 2002 - $24,422,000).

In the opinion of management, the working capital at December 31, 2003, together with cash flows from operations, are sufficient to support the Company's normal operating requirements on an ongoing basis.

Total assets increased to $891,005,000 at December 31, 2003 from $152,098,000 at December 31, 2002. Contributing to the rapid growth was the March 18, 2003 acquisition of a 25% interest in the Alumbrera mine in Argentina and 100% of the Peak gold mine in

Australia, together with the June 24, 2003 acquisition of an additional 12.5% interest in Alumbrera. Total consideration for these acquisitions was $304,383,000 including acquisition costs, of which $33,924,000 was apportioned to Peak and $270,459,000 to Alumbrera. During October 2003, the Company acquired a 100% interest in the Los Filos gold deposit, together with a 21.2% interest (of which 14% is a carried interest) in the El Limon gold deposit, both located in Mexico, for cash consideration of $89,486,000.

The acquisition of Peak and the initial 25% interest in Alumbrera were financed through the February 2003 issue of 230,000,000 subscription receipts for gross proceeds of $217,952,000 (Cdn$333,500,000) less share issue costs of $15,934,000. In March 2003, each subscription receipt was converted into one common share and one-quarter of one common share purchase warrant, where one whole share purchase warrant entitles the holder to purchase one common share at a price of Cdn$1.65 before May 30, 2007.

The $90,000,000 purchase price of the additional 12.5% interest in Alumbrera was satisfied by the payment of $65,000,000 in cash and by the issuance of a promissory note in the amount of $25,000,000 at an interest rate of LIBOR plus 2%, which is due on May 30, 2005. Principal repayments are comprised of 75% of any distributions received from Alumbrera, relating to the 12.5% interest acquired. The outstanding balance of the promissory note equals $19,443,000 after 2003 principal repayments of $5,557,000.

The cash portion of the purchase price for the additional 12.5% of Alumbrera was funded by a $50,000,000 bank term loan, and a $25,000,000 revolving working capital facility which was repaid in August 2003. The bank term loan bears interest at LIBOR plus 2.75% per annum, requiring semi-annual principal repayments of $5,000,000 until June 30, 2005 and $7,500,000 until maturity on June 30, 2007, plus additional principal repayments based on the Company's consolidated net cash flows. The remaining principal amount of the bank term loan at December 31, 2003 was $45,000,000. The revolving working capital facility bears interest at LIBOR plus 3% per annum. The facility may be drawn down to a maximum of $25,000,000 prior to December 31, 2007, reducing to $15,000,000 to the maturity date of June 30, 2008. Under the terms of the loan agreement, the Company acquired options to sell 700,000 ounces of gold at a price of $300 per ounce during the period from January 2004 to June 2008. The fair value of these options at December 31, 2003 is $2,030,000. The cost of $5,786,000 has been deferred and will be amortized against income as the options expire or are exercised. Debt issue costs of $4,242,000 were incurred, and are being amortized to income over the term of the debt.

Alumbrera project debt was incurred to finance the construction and operation of the mine. The debt is formalized by a Common Security Agreement between Alumbrera, the owners of Alumbrera, and a consortium of commercial banks that was originally signed on February 26, 1997. The Company's share of the remaining balance outstanding at December 31, 2003 is $57,980,000, after principal payments of $19,362,000. There are certain pledges and mortgages associated with this agreement that apply to Alumbrera's assets. The project debt is non-recourse to the Company and bears interest at LIBOR plus 1.5% to 1.75%.

During August 2003, the Company issued 47,619,049 units of the Company at a price of Cdn$2.10 per unit for gross proceeds of $72,457,000 (Cdn$100,000,000) less share issue costs of $4,514,000. Each unit consists of one common share of the Company and one-half of one Series "B" common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of Cdn$3.10 on or before August 25, 2008. Together with cash on hand, the proceeds of the financing were utilized to complete the Los Filos acquisition in October 2003.

During October 2003, the Company issued 38,100,000 units of the Company at a price of Cdn$3.15 per unit for gross proceeds of $89,490,000 (Cdn$120,015,000) less share issue costs of $5,103,000. Each unit consists of one common share of the Company and one-half of one Series "B" common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of Cdn$3.10 on or before August 25, 2008. The proceeds of the financing are held to fund potential acquisitions and mine construction costs.

During 2003 the Company invested a total of $29,010,000 in property, plant and equipment including expenditures of $15,780,000 at the Luismin operations, $9,653,000 at Peak and $3,411,000 at Alumbrera. In May and November 2003, the Company received bi-annual cash distributions totaling $35,084,000 from Alumbrera.

During 2002, the Company invested $76,886,000 to acquire the Luismin operations, financed by the issue of special warrants in the amount of $82,068,000. As part of the purchase consideration, a contingent payment of 11,355,113 common shares of the Company was due if the price of silver averaged $5 or more per ounce over a period of 60 consecutive trading days prior to June 19, 2004. On September 29, 2003, this condition was satisfied and the additional shares were issued in October 2003. As a result, the carrying value of property, plant and equipment has been increased by $32,893,000, future income tax liability has been increased by $10,526,000 and share capital has been increased by $22,367,000.

As of April 26, 2004, there were 568,210,638 common shares of the Company issued and outstanding.

In addition, as of April 26, 2004, the Company has 23,936,161 stock options outstanding under its share option plan and 176,670,019 share purchase warrants outstanding.

*Derivative instruments*

The Company has employed metal, interest rate and Canadian dollar forward and option contracts to manage exposure to fluctuations in metal prices and foreign currency exchange rates.

During the year, the Company entered into a gold-indexed interest rate swap transaction, whereby the effective interest rate on the bank term loan varies in relationship to the price of gold. At a minimum gold price of $300 per ounce or less, the effective interest rate will be approximately 0.4% and at a maximum gold price of $410 or higher, the effective interest rate will be 9.5%. During the year, the effective rate amounted to 5.8% and at December 31, 2003 the fair value of the gold-indexed interest rate swap was $(2,121,000).

*Long-term debt repayment schedule*

Scheduled minimum repayments of the Company's long-term debt are as follows:

| (in $000's) | Corporate | Project | Total |
|---|---|---|---|
| 2004 | $14,600 | $26,400 | $41,000 |
| 2005 | 31,943 | 26,400 | 58,343 |
| 2006 | 15,000 | 5,180 | 20,180 |
| 2007 | 2,900 | - | 2,900 |
| | $64,443 | $57,980 | $122,423 |

*Contractual obligations*

Commitments exist at Alumbrera and Peak for capital expenditures in 2004 of $2,132,000. The Company rents premises and leases equipment under operating leases that expire over the next nine years. Operating lease expense in 2003 was $2,154,000 (2002 - $880,000; 2001 - $125,000). Following is a schedule of future minimum rental and lease payments required:

| (in $000's) | |
|---|---|
| 2004 | $1,616 |
| 2005 | 831 |
| 2006 | 329 |
| 2007 | 204 |
| 2008 | 166 |
| | 3,146 |
| Thereafter | 624 |
| Total minimum payments required | $3,770 |

*Related party transactions*

In 2001, the Company entered into a financial advisory agreement with Endeavour Financial Corporation ("Endeavour"), a corporation with two directors in common. Under the terms of this agreement, which can be cancelled on 30 days notice, Endeavour provides financial advisory services to the Company and is entitled to a monthly fee of $10,000 and a success fee to be negotiated based on the

value of any acquisitions, dispositions and financings. In 2003, Endeavour was paid consulting and financial advisory fees of $2,288,000 (2002 - $1,412,000; 2001 - $373,000). In addition, during 2002 Sanluis Corporación SA de CV, a corporation with a director in common, was paid $100,000 for consulting fees.

## RISKS AND UNCERTAINTIES

The main risks that can affect the profitability of the Company include changes in metal prices, currency fluctuations, government regulation, foreign operations and environmental.

*Metal prices*

Profitability of the Company depends on metal prices for gold, silver and copper. A 10% change in the gold, silver or copper prices would impact 2004 net earnings by approximately 16%, 4% or 13%, respectively.

Gold, silver and copper prices are affected by numerous factors such as the sale or purchase of gold and silver by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the US dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold, silver and copper-producing countries throughout the world.

*Currency fluctuations*

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. Gold, silver and copper are sold in US dollars and the Company's costs are incurred principally in Canadian dollars, Mexican pesos, Argentine pesos and Australian dollars. The appreciation of non-US dollar currencies against the US dollar can increase the cost of gold, silver and copper production in US dollar terms. From time to time, the Company transacts currency hedging to reduce the risk associated with currency fluctuations. There is no assurance that its hedging strategies will be successful. Currency hedging may require margin activities. Sudden fluctuations in currencies could result in margin calls that could have an adverse effect on the Company's financial position.

A 10% change in foreign exchange rates would have an approximate 11% impact on 2004 net earnings.

*Government regulation*

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could increase the cost of operations.

*Foreign operations*

The majority of the Company's operations are currently conducted in Mexico, Argentina, Australia and Brazil, and as such the Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Mexico, Argentina, Australia and Brazil could adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of

property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

*Environmental*

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company could be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

The mining and milling facilities at the San Dimas and San Martin mines are in compliance with Mexican environmental standards but are not in compliance with World Bank Group/International Finance Corporation ("IFC") environmental and social guidelines. The tailings impoundments at these units are being remediated in accordance with North American best practice.

The tailings impoundment at the recently acquired Nukay mine is not in compliance with Mexican environmental standards. Luismin is in the process of evaluating the facility to determine the best course of action for bringing the tailings facility into compliance with both Mexican and World Bank Group/IFC environmental guidelines. Luismin is also currently preparing action plans to bring all of its mine sites into compliance with World Bank Group/IFC environmental and social guidelines.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Management has identified property, plant and equipment and provision for reclamation and closure as the main estimates for the following discussion. Note 2 of the Company's consolidated financial statements describes all of the significant accounting policies.

*Property, plant and equipment*

Property, plant and equipment are the most significant assets of the Company, representing $583,911,000 at December 31, 2003. This amount represents the capitalized expenditures related to the acquisition, exploration and development of mineral deposits. The Company estimates its reserves and resources and the economic life of its mines and utilizes this information to calculate depletion and amortization expense. Depletion of mine properties is charged on a unit-of-production basis over proven and probable reserves and a portion of resources expected to be converted to reserves. Depreciation of plant and equipment is calculated using the straight-line method, based on estimated useful lives, over three to forty years.

*Provision for reclamation and closure*

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements, however changes in regulatory requirements and new information may result in revisions to estimates. The Company recognizes the fair value of liabilities for reclamation and closure costs in the period in which they are incurred. A corresponding increase to the carrying amount of the related assets is generally recorded and depreciated over the life of the asset.

The Company estimates that its discounted and undiscounted reclamation and closure liability will be $19,604,000 and $29,030,000, respectively. A total of $1,315,000 on an undiscounted and discounted basis, relates to the Golden Bear mine which ceased operations in 2001 and the balance represents future reclamation costs to be incurred at its operating mines.

## CHANGES IN ACCOUNTING POLICIES

*Accounting for asset retirement obligations*

On January 1, 2003, the Company chose to early adopt CICA Handbook Section 3110, Asset Retirement Obligations, which requires that the fair value of liabilities (discounted future cash expenditures) for asset retirement obligations be recognized in the period in which they are incurred. A corresponding increase to the carrying amount of the related assets is generally recorded and depreciated over the life of the asset. The amount of the liability is subject to re-measurement at each reporting period. This differs from the prior practice that involved accruing for the estimated reclamation and closure liability through charges to income on a unit-of-production basis over the estimated life of the mine. The effect of the change has no material impact on the Company's consolidated financial statements as the fair value of estimated reclamation and closure expenses for Luismin, Peak, Alumbrera and Los Filos were recorded as a liability on acquisition and Golden Bear expenses are fully accrued.

*Stock-based compensation and other stock-based payments*

Effective January 1, 2004, the Company will retroactively adopt the changes to CICA Handbook Section 3870, "Stock-Based Compensation and other Stock-based Payments", whereby all stock options granted are accounted for under the fair-value based method. In 2003, all stock-based awards made to non-employees were recognized and measured using the fair value based method at the date of grant. For stock options granted to employees, the Company adopted the disclosure only provisions whereby pro forma net income and pro forma earnings per share were disclosed as if the fair value based method of accounting had been applied. On January 1, 2004 when the Company retroactively adopts Section 3870, opening retained earnings will be reduced by $16,848,000 for prior years' pro forma expense relating to these options.

## OUTLOOK

On January 9, 2004, the Company acquired the Amapari gold project located in northern Brazil for $25,000,000 in cash, 33,000,000 Wheaton River common shares and 21,500,000 Wheaton River Series "B" common share purchase warrants. Based upon the trading price of the common shares and warrants at the time of closing, this represents aggregate consideration of approximately $113,500,000, including $1,200,000 of acquisition costs. During 2004, the Company is required to make additional cash payments of $15,200,000 to repay debt. Construction of an open pit heap leach operation has commenced, and site clearing, access road construction and foundation preparation are underway for the process facilities. Condemnation and final delineation drilling is in process, and further exploration is planned for the second half of 2004. Production is planned to commence during the fourth quarter of 2005.

At the recently acquired Los Filos gold development project in Mexico, metallurgical, geotechnical and condemnation drilling is underway. The Company plans to complete a final feasibility study during 2004, with production scheduled to commence in early 2006.

At the Luismin operations, a 25% process capacity expansion at Tayoltita and a 20% expansion at the San Martin mine are planned during 2004-2005.

At the Peak mine, during 2004 additional development work will be performed at the Perseverance and New Occidental ore bodies which presently account for 100% of production. Development of the New Cobar underground ore body may commence in 2004, with commercial production possible for 2005. Resource delineation work will also be performed on the Chesney resource, which with the possible development of the New Cobar mine could establish infrastructure to exploit the Chesney resource 600 metres along strike.

A reserve and mine plan review is scheduled to be completed at Alumbrera by July 2004, as current reserves and mine planning are based on metal prices of US$295 gold and US$0.80 copper. With new mineralization proven in the 2003 drilling program, there is potential to extend the life of Alumbrera in light of current gold and copper prices.

Capital expenditures planned in 2004 to complete the work discussed above are expected to approximate $57,000,000, of which $22,000,000 will be incurred at Amapari. Luismin's budgeted expenditures are $21,000,000 of which $6,000,000 relates to Los Filos and $15,000,000 to San Dimas and San Martin. Peak has planned 2004 capital expenditures of $14,000,000.

In 2004, Wheaton expects to produce approximately 540,000 gold equivalent ounces at a cash cost of less than US$50 per ounce. By 2006, with the Los Filos and Amapari projects in operation, overall production will increase to 900,000 gold equivalent ounces at a cash cost of US$100 per ounce.

On March 30, 2004, the Company announced a proposed combination with IAMGold which is expected to close in June 2004. The combination will create one of the world's top ten gold producers. 2004 annualized gold production for the combined company will approximate 1,000,000 gold equivalent ounces at a cash cost of less than US$100 per ounce. By 2006, production will increase by over 30% to 1,300,000 gold equivalent ounces through the development of the Amapari and Los Filos projects and the expansion of IAMGold's Tarkwa mine in Ghana. The new company will have a strong balance sheet with $300,000,000 in cash and gold bullion. Proven and probable reserves will increase to 9,000,000 ounces plus additional measured and indicated resources of 4,400,000 ounces and inferred resources of 10,500,000 ounces. In addition, the company will have a large portfolio of exploration projects in the Americas and West Africa.

April 26, 2004

*Additional information relating to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com.*

*This Management's Discussion & Analysis contains certain forward-looking statements. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding future plans and objectives of the Company are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in Company documents filed from time to time with the Toronto Stock Exchange and other regulatory authorities.*

## Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements have been prepared by management and are in accordance with Canadian generally accepted accounting principles. Other information contained in this document has also been prepared by management and is consistent with the data contained in the consolidated financial statements. A system of internal control is maintained by management to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable.

The board of directors approves the financial statements and ensures that management discharges its financial responsibilities. The board's review is accomplished principally through the audit committee, which is composed of non-executive directors. The audit committee meets periodically with management and auditors to review financial reporting and control matters.

The consolidated financial statements have been audited by Deloitte & Touche LLP on behalf of the shareholders and their report follows.

*"Ian Telfer"*

Chairman and Chief Executive Officer

*"Peter Barnes"*

Executive Vice President and Chief Financial Officer

March 30, 2004

## Independent Auditors' Report

To the Shareholders of
Wheaton River Minerals Ltd

We have audited the consolidated balance sheets of Wheaton River Minerals Ltd as at December 31, 2003 and 2002 and the consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2003 in accordance with Canadian generally accepted accounting principles.

*"Deloitte & Touche LLP"*

Chartered Accountants
Vancouver, British Columbia

February 27, 2004 (except for Note 21 (b) for which the date is March 30, 2004)

## Comments by Auditor on Canada-United States of America Reporting Difference

In the United States of America, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of the Company's financial statements, such as the change described in Note 2 (p) to the consolidated financial statements. Our report to the Shareholders, dated February 27, 2004, is expressed in accordance with Canadian reporting standards which do not require a reference to such changes in accounting principles in the independent auditor's report when the change is properly accounted for and adequately disclosed in the consolidated financial statements.

*"Deloitte & Touche LLP"*

Chartered Accountants
Vancouver, British Columbia

February 27, 2004 (except for Note 21 (b) for which the date is March 30, 2004)

# Consolidated Statements of Operations
## Years Ended December 31

(US dollars and shares in thousands, except per share amounts)

| | | Note | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|
| Sales | | | $ 212,633 | $ 34,693 | $ 9,010 |
| Cost of sales | | | 91,954 | 19,355 | 5,452 |
| Royalties | | | 3,712 | 28 | 215 |
| Depreciation and depletion | | | 32,393 | 3,028 | 324 |
| Reclamation | | | 793 | 47 | 1,516 |
| | | | 128,852 | 22,458 | 7,507 |
| Earnings from mining operations | | | 83,781 | 12,235 | 1,503 |
| Expenses and other income | | | | | |
| General and administrative | | | 9,654 | 6,329 | 2,516 |
| Interest and finance fees | | | 4,318 | 487 | 13 |
| Exploration | | | 1,875 | 2,126 | 340 |
| Depreciation and amortization | | | 1,778 | 108 | 25 |
| Other (income) expense | | 4 | (9,223) | (4,870) | 9,188 |
| | | | 8,402 | 4,180 | 12,082 |
| Earnings (loss) before the following | | | 75,379 | 8,055 | (10,579) |
| Equity in earnings of Minera Alumbrera Ltd | | 3 (b) | 7,324 | - | - |
| Earnings (loss) before income taxes | | | 82,703 | 8,055 | (10,579) |
| Income tax expense | | 5 | (25,044) | (2,453) | (154) |
| Net earnings (loss) | | | $ 57,659 | $ 5,602 | $ (10,733) |
| Earnings (loss) per share | – basic | | $ 0.14 | $ 0.04 | $ (0.18) |
| | – diluted | | $ 0.13 | $ 0.04 | $ (0.18) |
| Weighted-average number of shares outstanding | – basic | | 412,035 | 137,327 | 60,075 |
| | – diluted | | 439,214 | 143,227 | 61,186 |

The accompanying notes form an integral part of these consolidated financial statements

## Consolidated Balance Sheets
## At December 31

(US dollars and shares in thousands)

| | Note | 2003 | 2002 |
|---|---|---|---|
| **Assets** | | | |
| Current | | | |
| Cash and cash equivalents | | $ 151,878 | $ 22,936 |
| Appropriated cash | 12 (v) | 8,840 | - |
| Marketable securities | 6 | 1,142 | 1,543 |
| Accounts receivable | | 31,824 | 5,617 |
| Product inventory and stockpiled ore | 7 | 16,726 | 156 |
| Supplies inventory | | 10,083 | 3,300 |
| Other | | 4,287 | 782 |
| | | 224,780 | 34,334 |
| Property, plant and equipment | 8 | 583,911 | 110,896 |
| Stockpiled ore | 7 | 60,736 | - |
| Future income taxes | 5 | 7,211 | 5,613 |
| Other | 9 | 14,367 | 1,255 |
| | | $ 891,005 | $ 152,098 |
| **Liabilities** | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 10 | $ 31,402 | $ 9,796 |
| Income taxes payable | | 1,062 | 116 |
| Current portion of long-term debt | 12 | 41,000 | - |
| Other | | 3,832 | - |
| | | 77,296 | 9,912 |
| Long-term debt | 12 | 81,423 | - |
| Future income taxes | 5 | 145,730 | 17,509 |
| Provision for reclamation | 13 | 19,604 | 11,271 |
| Future employee benefits and other | 14 | 10,834 | 5,352 |
| | | 334,887 | 44,044 |
| **Shareholders' Equity** | | | |
| Share purchase options | 15 | 877 | 410 |
| Contributed surplus | | 600 | 600 |
| Share capital | 15 | | |
| Common shares | | | |
| Authorized: unlimited shares, no par value; | | | |
| Issued and outstanding: 533,697 (December 31, 2002 - 190,400) | | 505,090 | 115,152 |
| Retained earnings (deficit) | | 49,551 | (8,108) |
| | | 556,118 | 108,054 |
| | | $ 891,005 | $ 152,098 |

Commitments (Note 18)

Approved by the Directors

*"Ian Telfer"* — **Ian Telfer, Director**

*"Douglas Holtby"* — **Douglas Holtby, Director**

The accompanying notes form an integral part of these consolidated financial statements

# Consolidated Statements of Shareholders' Equity
## Years Ended December 31

(US dollars, shares and warrants in thousands)

| | Common Shares | | Special Warrants | | Share Purchase Options | Contributed Surplus | Retained Earnings (Deficit) | Total |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Warrants | Amount | | | | |
| At January 1, 2001 | 52,729 | $ 25,284 | - | $ - | $ - | $ 572 | $ (2,977) | $ 22,879 |
| Shares issued for royalty payments | 900 | 356 | - | - | - | - | - | 356 |
| Special warrants issued | - | - | 11,000 | 3,456 | - | - | - | 3,456 |
| Special warrants exercised | 1,090 | 346 | (1,090) | (346) | - | - | - | - |
| Share options exercised | 1,989 | 437 | - | - | - | - | - | 437 |
| Shares repurchased and cancelled | (107) | (51) | - | - | - | 28 | - | (23) |
| Share issue costs | - | (373) | - | - | - | - | - | (373) |
| Fair value of stock options issued to non-employees | - | - | - | - | 317 | - | - | 317 |
| Net loss | - | - | - | - | - | - | (10,733) | (10,733) |
| At December 31, 2001 | 56,601 | 25,999 | 9,910 | 3,110 | 317 | 600 | (13,710) | 16,316 |
| Special warrants issued | - | - | 110,000 | 82,068 | - | - | - | 82,068 |
| Special warrants exercised | 119,910 | 85,178 | (119,910) | (85,178) | - | - | - | - |
| Share options exercised | 1,355 | 411 | - | - | - | - | - | 411 |
| Warrants exercised | 3,450 | 2,010 | - | - | - | - | - | 2,010 |
| Shares issued on acquisition of Luismin SA de CV | 9,084 | 6,805 | - | - | - | - | - | 6,805 |
| Share issue costs | - | (5,251) | - | - | - | - | - | (5,251) |
| Fair value of stock options issued to non-employees | - | - | - | - | 93 | - | - | 93 |
| Net earnings | - | - | - | - | - | - | 5,602 | 5,602 |
| At December 31, 2002 | 190,400 | 115,152 | - | - | 410 | 600 | (8,108) | 108,054 |
| Share options exercised | 6,621 | 5,431 | - | - | - | - | - | 5,431 |
| Warrants exercised | 9,602 | 5,192 | - | - | - | - | - | 5,192 |
| Shares issued | 327,074 | 402,266 | - | - | - | - | - | 402,266 |
| Share issue costs, net of tax | - | (22,951) | - | - | - | - | - | (22,951) |
| Fair value of stock options issued to non-employees | - | - | - | - | 467 | - | - | 467 |
| Net earnings | - | - | - | - | - | - | 57,659 | 57,659 |
| At December 31, 2003 | 533,697 | $ 505,090 | - | $ - | $ 877 | $ 600 | $ 49,551 | $ 556,118 |

Shareholders' Equity (Note 15)

The accompanying notes form an integral part of these consolidated financial statements

# Consolidated Statements of Cash Flows
## Years Ended December 31
(US dollars in thousands)

| | Note | 2003 | 2002 | 2001 |
|---|---|---|---|---|
| **Operating Activities** | | | | |
| Net earnings (loss) | | $ **57,659** | $ 5,602 | $ (10,733) |
| Reclamation expenditures | | **(1,854)** | (685) | (304) |
| Cash distribution from Minera Alumbrera Ltd | | **12,610** | - | - |
| Items not affecting cash | | | | |
| Depreciation, depletion and amortization | | **34,171** | 3,136 | 349 |
| Provision for reclamation | | **793** | 47 | 1,516 |
| Gain on sale of marketable securities | 4 | **(2,095)** | (3,593) | - |
| Equity in earnings of Minera Alumbrera Ltd | | **(7,324)** | - | - |
| Future employee benefits | | **461** | 380 | - |
| Future income taxes | 5 | **24,281** | 2,606 | - |
| Share purchase options | 15 | **467** | 199 | 211 |
| Property, plant and equipment written down | | - | - | 8,707 |
| Other | | **920** | (1,090) | 322 |
| Change in non-cash working capital | 16 | **6,589** | (2,241) | 1,623 |
| Cash generated by operating activities | | **126,678** | 4,361 | 1,691 |
| **Financing Activities** | | | | |
| Bank loans | 12 | **75,000** | - | - |
| Repayment of long-term debt | | **(54,919)** | - | - |
| Common shares issued | 15 | **390,522** | 2,421 | 414 |
| Common share and special warrant issue costs | | **(25,551)** | (5,251) | (373) |
| Debt issue costs | 12 (iii) | **(4,242)** | - | - |
| Deferred gold put options | 12 (i) | **(5,786)** | - | - |
| Special warrants issued | 15 (a) | - | 82,068 | 3,456 |
| Cash generated by financing activities | | **375,024** | 79,238 | 3,497 |
| **Investing Activities** | | | | |
| Proceeds on sale of marketable securities, net | | **4,013** | 6,169 | - |
| Property, plant and equipment | | **(29,010)** | (5,214) | (1,016) |
| Acquisition of Minera Alumbrera Ltd, net of cash acquired | 3 (b) | **(224,356)** | - | - |
| Acquisition of Peak Gold Mines Pty Ltd, net of cash acquired | 3 (b) | **(34,187)** | - | - |
| Acquisition of Los Filos and El Limón gold projects, net of cash acquired | 3 (c) | **(89,223)** | - | - |
| Acquisition of Luismin SA de CV, net of cash acquired | 3 (a) | - | (76,886) | - |
| Short-term money market instruments | | - | 13,013 | (13,013) |
| Other | | **3** | 520 | (457) |
| Cash applied to investing activities | | **(372,760)** | (62,398) | (14,486) |
| Increase (decrease) in cash and cash equivalents | | **128,942** | 21,201 | (9,298) |
| Cash and cash equivalents, beginning of year | | **22,936** | 1,735 | 11,033 |
| Cash and cash equivalents, end of year | | $ **151,878** | $ 22,936 | $ 1,735 |
| Supplemental cash flow information | 16 | | | |

The accompanying notes form an integral part of these consolidated financial statements

(US dollars)

## 1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Wheaton River Minerals Ltd (the "Company") is engaged in gold mining and related activities including exploration, extraction, processing, refining and reclamation. The Company has mining operations in Mexico, Argentina and Australia and has ongoing exploration activities in Mexico and Australia. During 2002 it also carried on exploration activities in Canada. The Company is in the process of reclaiming the Golden Bear Mine in Canada, which ceased commercial production in 2001.

On March 18, 2003 the Company acquired the Peak Mine in Australia and a 25% indirect interest in the Alumbrera Mine in Argentina (Note 3). On June 24, 2003 the Company acquired an additional 12.5% indirect interest in the Alumbrera Mine (Note 3). On October 31, 2003, the Company acquired the Los Filos gold project, together with a 21.2% interest (of which 14% is a carried interest) in the El Limón gold project, both located in Mexico (Note 3). On January 9, 2004, the Company acquired the Amapari gold project in northern Brazil (Note 21).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Canadian generally accepted accounting principles

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Differences between Canadian and United States GAAP, which would have a material effect on these consolidated financial statements, are explained in Note 20.

(b) Basis of presentation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Principal subsidiaries and investments at December 31, 2003 are listed below:

| Subsidiary | Location | Ownership Interest | Status | Operations and Development Projects Owned |
|---|---|---|---|---|
| Luismin SA de CV ("Luismin") | Mexico | 100% | Consolidated | San Dimas, San Martin and Nukay mines and Los Filos development project in Mexico |
| Peak Gold Mines Pty Ltd ("Peak") | Australia | 100% | Consolidated | Peak mine in Australia |
| Minera Alumbrera Ltd ("Alumbrera") | Argentina | 37.5% | Proportionately consolidated | Alumbrera mine in Argentina |

(c) Investment in Minera Alumbrera Ltd

On March 18, 2003 the Company acquired a 25% indirect interest in Alumbrera which was accounted for using the equity method and the Company's share of earnings of Alumbrera have been included in the earnings of the Company since that date.

On June 24, 2003 the Company acquired an additional 12.5% indirect interest in Alumbrera. As a result of this acquisition and acquisition of control of an intermediate holding company, the Company now has joint control over Alumbrera through certain matters requiring unanimous consent in the shareholders' agreement and, therefore, the Company has proportionately consolidated its 37.5% share of the financial statements of Alumbrera from June 24, 2003 onwards. On this basis, the Company records its 37.5% share of the assets, liabilities, revenues and expenses of Alumbrera in these consolidated financial statements.

(d) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant areas where management's judgment is applied are asset valuations, depreciation and depletion, income taxes, employee future benefits, contingent liabilities and provision for reclamation. Actual results could differ from those reported.

(e) Foreign currency translation

The Company's functional and reporting currency is the United States dollar. Foreign currency monetary assets and liabilities are translated into United States dollars at the exchange rates prevailing at the balance sheet date. Non-monetary assets denominated in foreign currencies are translated using the rate of exchange at the transaction date. Foreign currency transactions are translated at the United States dollar rate prevailing on the transaction dates. Foreign exchange gains and losses are included in the determination of earnings.

(f) Financial instruments

The carrying values of cash and cash equivalents, appropriated cash, marketable securities, accounts receivable, accounts payable and accrued liabilities and long-term debt approximate their fair values.

The Company has employed metal, interest rate and Canadian dollar forward and option contracts to manage exposure to fluctuations in metal prices and foreign currency exchange rates. Hedging gains or losses are recognized in sales when the hedged production is sold.

(g) Revenue recognition

Revenue from the sale of metals is recognized in the accounts when title and risk passes to the buyer, collection is reasonably assured and the price is reasonably determinable. Revenue from the sale of metals may be subject to adjustment upon final settlement of estimated metal prices, weights and assays. Adjustments to revenue for metal prices are recorded monthly and other adjustments are recorded on final settlement. Refining and treatment charges are netted against revenue.

(h) Exploration and development expenditures

Significant property acquisition costs are capitalized. Exploration and development expenditures are expensed until a positive economic analysis has been completed that indicates the property is economically feasible. Capitalized costs are written down to their estimated recoverable amount if the properties are determined to be uneconomic or are placed for sale.

(i) Income and resource taxes

The provision for income and resource taxes is based on the liability method. Future taxes arise from the recognition of the tax consequences of temporary differences by applying enacted or substantively enacted tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. The Company records a valuation allowance against any portion of those future income tax assets that it believes will, more likely than not, fail to be realized.

(j) Earnings per share

Earnings per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the year. Diluted earnings per share are calculated using the treasury method.

(k) Cash and cash equivalents

Cash and cash equivalents include cash, and those short-term money market instruments that are readily convertible to cash with an original term of less than 91 days.

(l) Short-term money market instruments

Short-term money market instruments are those which are due within one year but have an original term of greater than 90 days.

(m) Marketable securities

Marketable securities are carried at the lower of cost and market value.

(n) Inventories

Product inventory is valued at the lower of average cost and net realizable value. Inventories of supplies are valued at the lower of average cost and replacement cost net of a provision for obsolescence. Inventories at December 31, 2003 included an obsolescence provision of $162,000 (2002 - $441,000).

(o) Property, plant and equipment

Property, plant and equipment are recorded at cost. Significant costs related to property acquisitions including undeveloped mineral interests are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and a decision has been made to prepare a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the development costs subsequently incurred are capitalized. Major development expenditures incurred to expose the ore, increase production or extend the life of an existing mine are capitalized. Capitalized costs are written down to their estimated recoverable amount if the properties are determined to be uneconomic or are placed for sale.

Interest and finance costs relating to the construction of plant and equipment are capitalized prior to the commencement of commercial production of a new mine.

Depletion of mine properties is charged on a unit-of-production basis over proven and probable reserves and a portion of resources expected to be converted to reserves. Depreciation of plant and equipment is calculated using the straight-line method, based on estimated useful lives, over three to forty years.

Evaluations of the carrying values of each operation and development property are undertaken in each reporting period to determine if estimated undiscounted future net cash flows are less than the carrying value. Estimated undiscounted future net cash flows are calculated using estimated production sales prices and operating costs, capital costs and reclamation and closure costs. If it is determined that the future net cash flows from an operation or development property are less than the carrying value then a write-down is recorded with a charge to operations.

(p) Provision for reclamation and closure

On January 1, 2003 the Company adopted the standard of the CICA handbook, Asset Retirement Obligations, which requires that the fair value of liabilities for asset retirement obligations be recognized in the period in which they are incurred. A corresponding increase to the carrying amount of the related assets is generally recorded and depreciated over the life of the asset. The amount of the liability is subject to re-measurement at each reporting period. This differs from the prior practice that involved accruing for the estimated reclamation and closure liability through charges to income on a unit-of-production basis over the estimated life of the mine. The effect of the change has no material impact on the Company's consolidated financial statements.

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements. The fair value of the estimated reclamation and closure expenses for Luismin, Peak, Alumbrera and Los Filos were recorded as a liability on acquisition. Fair value was determined as the discounted future cash expenditures. Golden Bear Mine estimated reclamation and closure expenses have been fully accrued at December 31, 2003.

(q) Share option plan

As of January 1, 2002, the Company adopted the standard of the CICA handbook, Stock-Based Compensation and Other Stock-Based Payments, which has been applied prospectively. All stock-based awards made to non-employees are recognized and measured using the fair value based method at the date of grant. For stock options granted to employees, the Company has adopted the disclosure only provisions whereby pro forma net income and pro forma earnings per share are disclosed as if the fair value based method of accounting had been applied. The Company uses the Black-Scholes model to estimate fair value.

Effective January 1, 2004, the Company will adopt the changes to CICA Handbook Section, "Stock-based Compensation and other Stock-based Payments", whereby all stock options granted are accounted for under the fair value based method.

(r) Future employee benefits

Seniority premiums, to which some employees are entitled upon termination of employment after 15 years of service, as well as the obligations under the Company's non-contributory retirement plan for employees, are recognized as expenses of the years in which the services are rendered. This is completed through contributions to an irrevocable trust fund and the establishment of accruals, based on actuarial studies made by independent actuaries.

## 3. ACQUISITIONS

(a) Luismin SA de CV

On June 19, 2002 the Company acquired all of the outstanding shares of Luismin. Under the purchase agreement, the Company acquired Luismin for $55,160,000 in cash and 9,084,090 common shares of the Company. The Company also advanced $19,840,000 to Luismin to repay its outstanding bank debt. The Company incurred acquisition costs of $3,266,000. As part of the purchase consideration, a contingent payment of 11,355,113 of the Company's common shares was due if the price of silver averaged $5 or more per ounce over a period of 60 consecutive trading days prior to June 19, 2004. On September 29, 2003, this condition was satisfied and the additional shares were issued in October 2003. As a result, the carrying value of property, plant and equipment has been increased by $32,893,000, future income tax liability has been increased by $10,526,000 and share capital has been increased by $22,367,000, the fair value of the shares on September 29, 2003.

This acquisition has been accounted for using the purchase method and results from Luismin's operations have been included in the Company's results of operations from June 19, 2002. The allocation of the purchase price is summarized in the table below:

(in thousands)

| | | |
|---|---|---|
| Purchase price: | | |
| Cash | $ | 55,160 |
| Cash advanced to repay Luismin bank debt | | 19,840 |
| Shares issued | | 29,172 |
| Acquisition costs | | 3,266 |
| | $ | 107,438 |
| Net assets acquired: | | |
| Cash | $ | 1,380 |
| Non-cash working capital | | (1,888) |
| Property, plant and equipment | | 145,696 |
| Provision for reclamation and closure | | (9,072) |
| Future employee benefits | | (7,504) |
| Future income tax assets | | 6,500 |
| Future income tax liabilities | | (27,674) |
| | $ | 107,438 |

(b) Minera Alumbrera Ltd and Peak Gold Mines Pty Ltd

On March 18, 2003 the Company acquired a 25% indirect interest in Alumbrera and a 100% interest in Peak from Rio Tinto Ltd. The acquisition of the 25% interest in Alumbrera was through intermediate holding companies with assets relating solely to the investment in Alumbrera. The purchase price for Alumbrera and Peak totaled $214,227,000 including acquisition costs. Alumbrera and Peak operate gold and copper mines located in Argentina and Australia, respectively.

On June 24, 2003 the Company acquired an additional 12.5% indirect interest in Alumbrera from Rio Algom Ltd ("Rio Algom", a subsidiary of BHP Billiton Ltd) for a purchase price of $90,156,000 including acquisition costs. This purchase price was satisfied by a cash payment of $65,000,000, a promissory note due to Rio Algom in the amount of $25,000,000 (Note 12 (iv)) and acquisition costs paid of $156,000. As a result of the acquisition of an additional 12.5% indirect interest in Alumbrera and acquisition of control of an intermediate holding company, the Company obtained joint control over Alumbrera through certain matters requiring unanimous consent in the shareholders' agreement.

*(i) Minera Alumbrera Ltd*

The acquisition of the 37.5% interest in Alumbrera has been accounted for using the purchase method and the results of Alumbrera have been included in the earnings of the Company as follows: 25% interest on an equity basis from date of acquisition, March 18, 2003, to June 23, 2003 and 37.5% interest on a proportionate consolidation basis from June 24, 2003 onwards. The total purchase price was $270,459,000 including acquisition costs. The allocation of the purchase price as at June 24, 2003 is summarized in the table below.

| (in thousands) | | |
|---|---|---|
| Purchase price: | | |
| Acquisition of 25% interest, effective March 18, 2003 | | |
| Cash paid | $ | 180,000 |
| Acquisition costs | | 303 |
| Equity in earnings – March 18 - June 23, 2003 | | 7,324 |
| Cash distribution received | | (11,210) |
| | | 176,417 |
| Acquisition of additional 12.5% interest, effective June 24, 2003 | | |
| Cash paid | | 65,000 |
| Promissory note (Note 12 (iv)) | | 25,000 |
| Acquisition costs | | 156 |
| Cash distribution received | | (1,400) |
| | $ | 265,173 |
| Net assets acquired: | | |
| Cash | $ | 21,103 |
| Appropriated cash | | 8,763 |
| Non-cash working capital | | 36,835 |
| Property, plant and equipment | | 269,409 |
| Other | | 58,376 |
| Provision for reclamation and closure | | (4,918) |
| Future income tax liabilities | | (47,053) |
| Long-term debt | | (77,342) |
| | $ | 265,173 |

*(ii) Peak Gold Mines Pty Ltd*

The acquisition of 100% of Peak has been accounted for using the purchase method and the results of Peak's operations have been included in the Company's results of operations from March 18, 2003. The allocation of the purchase price is summarized in the table below.

| (in thousands) | | |
|---|---|---|
| Purchase price: | | |
| Cash paid | $ | 33,583 |
| Acquisition costs | | 341 |
| | $ | 33,924 |
| Net assets acquired: | | |
| Cash | $ | (263) |
| Non-cash working capital | | 4,791 |
| Property, plant and equipment | | 34,219 |
| Other non-current assets | | 422 |
| Provision for reclamation and closure | | (4,145) |
| Other non-current liabilities | | (1,100) |
| | $ | 33,924 |

(c) Los Filos and El Limón gold development projects

On October 31, 2003, the Company acquired a 100% interest in the Los Filos gold development project, together with a 21.2% interest (of which 14% is a carried interest) in the El Limón gold project from Teck Cominco Limited and Miranda Mining Corporation. Both projects are located in Mexico. The purchase price was $89,486,000 including acquisition costs. The acquisition has been accounted for using the purchase method and the preliminary allocation of the purchase price is summarized in the table below.

| (in thousands) | | |
|---|---|---|
| Purchase price: | | |
| Cash paid | $ | 87,020 |
| Acquisition costs | | 2,466 |
| | $ | 89,486 |
| Net assets acquired: | | |
| Cash | $ | 263 |
| Property, plant and equipment | | 137,780 |
| Future income tax assets | | 922 |
| Non-cash working capital | | (1,080) |
| Provision for reclamation and closure | | (1,000) |
| Future income tax liabilities | | (47,399) |
| | $ | 89,486 |

## 4. OTHER INCOME (EXPENSE)

| (in thousands) | | **2003** | | 2002 | | 2001 |
|---|---|---|---|---|---|---|
| Other income is comprised of: | | | | | | |
| Interest income | **$** | **1,591** | $ | 480 | $ | 561 |
| Gain on sale of marketable securities | | **2,095** | | 3,593 | | - |
| Foreign exchange gain (loss) | | **6,774** | | (71) | | 230 |
| Other | | **(1,237)** | | 868 | | (1,272) |
| Property, plant and equipment written down | | **-** | | - | | (8,707) |
| | **$** | **9,223** | $ | 4,870 | $ | (9,188) |

In 2001 the Company recognised an impairment of $8,707,000 in the carrying value of Bellavista, George Lake and Red Mountain projects.

## 5. INCOME TAXES

| (in thousands) | 2003 | 2002 | 2001 |
|---|---|---|---|
| Current income tax expense (recovery) | $ 763 | $ (153) | $ 154 |
| Future income tax expense | 24,281 | 2,606 | - |
| | $ 25,044 | $ 2,453 | $ 154 |

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

| (in thousands) | 2003 | 2002 | 2001 |
|---|---|---|---|
| Earnings (loss) before income taxes | $ 82,703 | $ 8,055 | $ (10,579) |
| Canadian federal and provincial income tax rates | 37.6% | 39.6% | 44.6% |
| Income tax expense (recovery) based on above rates | 31,113 | 3,190 | (4,718) |
| Increase (decrease) in income taxes due to: | | | |
| Lower effective tax rates on earnings of foreign subsidiaries | (4,941) | (578) | - |
| Tax included in equity earnings of Minera Alumbrera Ltd | (3,139) | - | - |
| Non-deductible expenditures | 1,196 | - | - |
| Valuation allowance | 508 | - | (121) |
| Resource and other taxes | - | (153) | 154 |
| Property, plant and equipment written down | - | - | 5,464 |
| Resource allowance | - | - | (625) |
| Other | 307 | (6) | - |
| | $ 25,044 | $ 2,453 | $ 154 |

At December 31, 2003, the Company had non-capital losses available for tax purposes in Canada of $15,210,000 that expire from 2007 to 2010 and $33,490,000 that expire from 2004 to 2013 in foreign jurisdictions.

At December 31, 2003, the Company had capital losses in Canada in the amount of $11,014,000 to be carried forward indefinitely and applied to future capital gains.

The components of future income taxes are as follows:

| (in thousands) | 2003 | 2002 |
|---|---|---|
| Future income tax assets | | |
| Non-capital losses | $ 13,985 | $ 13,187 |
| Deductible temporary differences and other | 14,948 | 12,932 |
| Value of future income tax assets | 28,933 | 26,119 |
| Recoverable asset taxes | 953 | 523 |
| Valuation allowance | (4,411) | (6,797) |
| Future income tax assets | 25,475 | 19,845 |
| Future income tax liabilities | | |
| Total taxable temporary differences | (163,994) | (31,741) |
| Future income tax liabilities, net | $ (138,519) | $ (11,896) |
| | | |
| Disclosed on the Consolidated Balance Sheets as: | | |
| Future income tax assets | $ 7,211 | $ 5,613 |
| Future income tax liabilities | (145,730) | (17,509) |
| Future income tax liabilities, net | $ (138,519) | $ (11,896) |

## 6. MARKETABLE SECURITIES

| (in thousands) | 2003 | 2002 |
|---|---|---|
| Marketable securities at market values | $ 1,702 | $ 3,151 |

## 7. PRODUCT INVENTORY AND STOCKPILED ORE

| (in thousands) | 2003 | 2002 |
|---|---|---|
| Stockpiled ore | $ 62,174 | $ - |
| Work in process | 2,891 | - |
| Finished goods | 12,397 | 156 |
| | 77,462 | 156 |
| Less: non-current stockpiled ore | 60,736 | - |
| | $ 16,726 | $ 156 |

Non-current stockpiled ore is primarily comprised of lower grade ore at Alumbrera, which will be processed later in the mine life. This inventory is valued at the lower of cost and net realizable value.

## 8. PROPERTY, PLANT AND EQUIPMENT

| | 2003 | | | 2002 | | |
|---|---|---|---|---|---|---|
| (in thousands) | Cost | Accumulated Depletion | Net | Cost | Accumulated Depletion | Net |
| Mineral properties | | | | | | |
| Luismin mines, Mexico | $ 120,736 | $ (6,070) | $ 114,666 | $ 77,646 | $ (1,958) | $ 75,688 |
| Peak mine, Australia | 25,672 | (2,518) | 23,154 | - | - | - |
| Alumbrera mine, Argentina | 27,142 | (2,091) | 25,051 | - | - | - |
| | 173,550 | (10,679) | 162,871 | 77,646 | (1,958) | 75,688 |
| Plant and equipment | | | | | | |
| Luismin mines, Mexico | 42,519 | (3,334) | 39,185 | 34,280 | (1,152) | 33,128 |
| Peak mine, Australia | 17,726 | (1,736) | 15,990 | - | - | - |
| Alumbrera mine, Argentina | 246,559 | (20,553) | 226,006 | - | - | - |
| Corporate, Canada | 456 | (261) | 195 | 440 | (198) | 242 |
| | 307,260 | (25,884) | 281,376 | 34,720 | (1,350) | 33,370 |
| Properties under development | | | | | | |
| Los Filos project, Mexico | 93,691 | - | 93,691 | - | - | - |
| El Limón project, Mexico | 42,161 | - | 42,161 | - | - | - |
| San Pedrito project, Mexico | 3,667 | - | 3,667 | 1,838 | - | 1,838 |
| Other | 145 | - | 145 | - | - | - |
| | 139,664 | - | 139,664 | 1,838 | - | 1,838 |
| | $ 620,474 | $ (36,563) | $ 583,911 | $ 114,204 | $ (3,308) | $ 110,896 |

Effective August 1, 2003 the Company sold the La Guitarra Mine in Mexico to Genco Resources Ltd ("Genco") for shares and cash totaling $5,000,000. Consideration received on closing was 1,380,315 shares of Genco with a fair value of $1,000,000 and a promissory note for $4,000,000 to be repaid over eight years in cash or equivalent shares of $500,000 per annum. Due to uncertainty surrounding the collectibility of the promissory note, the repayment of the note will be recorded in operations when received.

## 9. OTHER NON-CURRENT ASSETS

| (in thousands) | Note | 2003 | 2002 |
|---|---|---|---|
| Deferred gold put options | 12 (i) | $ 5,786 | $ - |
| Deferred debt issue costs | 12 (iii) | 3,497 | - |
| Other | | 5,084 | 1,255 |
| | | $ 14,367 | $ 1,255 |

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| (in thousands) | 2003 | 2002 |
|---|---|---|
| Accounts payable trade | $ 15,198 | $ 4,032 |
| Accrued liabilities | 6,709 | 2,137 |
| Accrued employee benefits | 2,814 | 1,419 |
| Customer payment in advance | 3,396 | - |
| Other | 3,285 | 2,208 |
| | $ 31,402 | $ 9,796 |

## 11. BANK CREDIT LINE

The Company has an Aus$5,000,000 ($3,750,000), unsecured, revolving working capital facility for its Peak Mine operations of which $nil was drawn down at December 31, 2003. The loan bears interest related to the Australian Treasury Bill rate plus 1.5% per annum.

## 12. LONG-TERM DEBT

| (in thousands) | 2003 | 2002 |
|---|---|---|
| Corporate debt | | |
| Term loan (i) | $ 45,000 | $ - |
| Revolving working capital facility (ii) | - | - |
| Total bank indebtedness (iii) | 45,000 | - |
| Promissory note (iv) | 19,443 | - |
| | 64,443 | - |
| Project debt | | |
| Share of Alumbrera project debt (v) | 57,980 | - |
| | 122,423 | - |
| Less: current portion | 41,000 | - |
| | $ 81,423 | $ - |

(i) The bank term loan bears interest at LIBOR plus 2.75% and has a maturity date of June 30, 2007. Principal repayments are due on a six monthly basis, commencing December 31, 2003, and are comprised of (a) a minimum amount ($5,000,000 every six months, increasing to $7,500,000 on December 31, 2005); plus (b) 25% of the excess of the Company's consolidated net cash flows over the consolidated debt service for the period. The Company may repay the term loan prior to maturity without penalty.

During the year, the Company entered into a gold-indexed interest rate swap transaction, whereby the effective interest rate on the bank term loan varies in relationship to the gold price. At a minimum gold price of $300 per ounce or less, the effective interest rate will be approximately 0.4% and at a maximum gold price of $410 or higher, the effective interest rate will be 9.5%. During the year, the effective rate amounted to 5.8%.

Also during the year, under the terms of the loan agreement, the Company acquired options to sell 700,000 ounces of gold at a price of $300 per ounce during the period January 2004 to June 2008. The cost of $5,786,000 has been deferred and will be amortized against income as the options expire or are exercised. The fair value of these put options at December 31, 2003 is $2,030,000.

(ii) The bank revolving working capital facility bears interest at LIBOR plus 3% and may be drawn down to a maximum of $25,000,000 prior to December 31, 2007, thereupon reduced to $15,000,000 until maturity date, June 30, 2008.

(iii) The bank indebtedness is secured by corporate guarantees of Luismin and Peak. Debt issue costs of $4,242,000 have been deferred and are being amortized to earnings over the term of the debt. An amount of $745,000 has been amortized to December 31, 2003.

(iv) The promissory note is due to Rio Algom, bears interest at LIBOR plus 2% and has a maturity date of May 30, 2005. The note is secured by the Company's 12.5% indirect interest in Alumbrera acquired during June 2003 from Rio Algom. Principal repayments are comprised of 75% of any distributions received from Alumbrera, relating to the 12.5% interest acquired from Rio Algom. The promissory note is redeemable prior to maturity without penalty.

(v) The Alumbrera project debt was incurred to finance the construction and operation of the Alumbrera Mine. The debt is formalized by a Common Security Agreement between Alumbrera, the owners of Alumbrera, and a consortium of commercial banks that was originally signed on February 26, 1997. The Company's share of the remaining balance outstanding at December 31, 2003 is $57,980,000 of which $26,400,000 is current. There are certain pledges and mortgages associated with this agreement that apply to Alumbrera's assets. The project debt is non-recourse to the Company and bears interest at LIBOR plus 1.5% to 1.75%.

Under the project debt agreement, Alumbrera is required to maintain a Senior Debt Reserve Account in a segregated offshore trust account which is used to set aside funds for the servicing of upcoming, scheduled long-term debt repayments. The Company's 37.5% interest in these funds is disclosed in these financial statements as appropriated cash and at December 31, 2003 amounted to $8,840,000.

(vi) Scheduled minimum repayments of the Company's long-term debt are as follows:

| (in thousands) | Corporate | Project | Total |
|---|---|---|---|
| 2004 | $ 14,600 | $ 26,400 | $ 41,000 |
| 2005 | 31,943 | 26,400 | 58,343 |
| 2006 | 15,000 | 5,180 | 20,180 |
| 2007 | 2,900 | - | 2,900 |
| | $ 64,443 | $ 57,980 | $ 122,423 |

## 13. PROVISION FOR RECLAMATION AND CLOSURE

| (in thousands) | |
|---|---|
| At January 1, 2002 | $ 3,831 |
| Reclamation expenditures | (685) |
| Provision for reclamation | 47 |
| Amounts acquired | 9,072 |
| Disposition of liability | (1,068) |
| Other | 74 |
| At December 31, 2002 | 11,271 |
| Reclamation expenditures | (1,854) |
| Provision for reclamation | 793 |
| Amounts acquired | 10,063 |
| Disposition of liability | (830) |
| Other | 161 |
| At December 31, 2003 | $ 19,604 |

The total undiscounted amount of estimated cash flows required to settle the obligations is $29,030,000 (2002 - $13,400,000), which has been discounted using discount rates ranging from 5-7%. Reclamation obligations at the Golden Bear mine of $1,315,000 are expected to be paid over the next two years and will be funded primarily from reclamation deposits on hand. Certain obligations at Luismin amounting to $5,500,000 will be paid over the next three years and will be funded from operating cash flows. The remainder of the obligations are not expected to be paid within the foreseeable future and will be funded from operating cash flows at the time.

## 14. FUTURE EMPLOYEE BENEFITS AND OTHER

| (in thousands) | | 2003 | | 2002 |
|---|---|---|---|---|
| Defined benefit pension plan | $ | 2,796 | $ | 3,008 |
| Deferred employee profit sharing | | 5,549 | | 2,344 |
| Other | | 2,489 | | - |
| | $ | 10,834 | $ | 5,352 |

The Company has a defined benefit pension plan for certain Mexican employees. Information on this plan is as follows:

| (in thousands) | | 2003 | | 2002 | | 2001 |
|---|---|---|---|---|---|---|
| Change in plan assets | | | | | | |
| Fair value of plan assets, beginning of year | $ | 228 | $ | - | $ | - |
| Increase due to acquisition of Luismin (Note 3) | | - | | 180 | | - |
| Actual return on plan assets | | 16 | | 70 | | - |
| Benefits paid | | - | | (14) | | - |
| Contributions | | 463 | | - | | - |
| Foreign exchange rate changes | | (34) | | (8) | | - |
| Fair value of plan assets, end of year | $ | 673 | $ | 228 | $ | - |
| Projected benefit obligation | | | | | | |
| Benefit obligations, beginning of year | $ | 3,147 | $ | - | $ | - |
| Increase due to acquisition of Luismin (Note 3) | | - | | 3,029 | | - |
| Service cost | | 259 | | 149 | | - |
| Benefits paid | | - | | (14) | | - |
| Interest cost | | 244 | | 135 | | - |
| Foreign exchange rate changes | | (257) | | (123) | | - |
| Plan amendment/past service cost | | 649 | | - | | - |
| Actuarial (gain) loss | | 62 | | (29) | | - |
| Benefit obligations, end of year | $ | 4,104 | $ | 3,147 | $ | - |
| Excess of projected benefit obligation over plan assets | $ | 3,431 | $ | 2,919 | $ | - |
| Unamortized past service costs | | (649) | | - | | - |
| Unamortized net actuarial gain | | 14 | | 89 | | - |
| Accrued net pension liability | $ | 2,796 | $ | 3,008 | $ | - |
| Employee future benefits expense | | | | | | |
| Service cost | $ | 259 | $ | 149 | $ | - |
| Interest cost | | 244 | | 135 | | - |
| Expected return on assets | | (25) | | (8) | | - |
| Net expense | $ | 478 | $ | 276 | $ | - |
| Significant assumptions used | | | | | | |
| Discount rate | | 9% | | 9% | | - |
| Expected long-term rate of return on plan assets | | 9% | | 9% | | - |
| Rate of compensation increase | | 6% | | 6% | | - |
| Estimated average remaining service life | | 12 years | | 11 years | | - |

The Company has a defined contribution pension plan for certain Australian employees. The current service cost for 2003 was $552,000 (2002 - $nil; 2001 - $nil).

## 15. SHAREHOLDERS' EQUITY

(a) Shares issued

In May 2001 the Company completed a private placement of 11,000,000 special warrants at a price of Cdn$0.50 per special warrant (Cdn$0.55 for persons associated with the Company) for gross proceeds of $3,456,000. Each special warrant was exchangeable, for no additional consideration, into one common share and one common share purchase warrant. Each share purchase warrant was exercisable into one common share at a price of Cdn$0.75 per share until May 23, 2003. The Company committed to spend $1,052,000 of these proceeds on exploration eligible for flow-through expenditures and these expenditures were subsequently made in 2002. In 2002 and 2001, special warrants in the amounts of 9,910,000 and 1,090,000 respectively were converted to shares and share purchase warrants.

In May 2002 the Company completed a private placement to finance the Luismin purchase (Note 3) whereby 110,000,000 special warrants were issued at a price of Cdn$1.15 per special warrant for total proceeds of $82,068,000. Each special warrant entitled the holder to acquire, without further payment, one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at a price of Cdn$1.65 per share for a period of five years following the closing. The special warrants were subsequently converted to shares and share purchase warrants during 2002.

In February 2003, the Company issued and sold 230,000,000 subscription receipts at Cdn$1.45 per subscription receipt by way of a private placement for gross proceeds of $217,952,000 (Cdn$333,500,000) less agents' commissions and expenses of $15,934,000. Each subscription receipt was subsequently converted into one common share and one-quarter of one common share purchase warrant, where one whole share purchase warrant entitles the holder to purchase one common share at a price of Cdn$1.65 before May 30, 2007. The proceeds from this private placement were used to finance the acquisition of a 25% indirect interest in Alumbrera and 100% of Peak.

In August 2003 the Company issued and sold 47,619,049 units at Cdn$2.10 per unit for gross proceeds of $72,457,000 (Cdn$100,000,000) less agents' commissions and expenses of $4,514,000. Each unit was subsequently converted into one common share and one half of one Series "B" common share purchase warrant, where one whole share purchase warrant entitles the holder to purchase one common share at a price of Cdn$3.10 before August 25, 2008.

In October 2003 the Company issued and sold 38,100,000 units of the Company at Cdn$3.15 per unit for gross proceeds of $89,490,000 (Cdn$120,015,000) less agent's commissions and expenses of approximately $5,103,000. Each unit was subsequently converted into one common share and one half of one Series "B" common share purchase warrant, where one whole share purchase warrant entitles the holder to purchase one common share at a price of Cdn$3.10 before August 25, 2008.

In October 2003, 11,355,113 of the Company's common shares were issued as further consideration for Luismin (Note 3).

(b) Warrants

A summary of the Company's warrants at December 31, 2003, 2002, and 2001 and the changes for the years ending on those dates is presented below:

| | Warrants Outstanding | Weighted Average Exercise Price (Cdn$) |
|---|---|---|
| At January 1, 2001 | 2,000,000 | $ 1.00 |
| Issued on exercise of special warrants | 1,090,000 | 0.75 |
| At December 31, 2001 | 3,090,000 | 0.91 |
| Issued on exercise of special warrants | 64,909,997 | 1.51 |
| Exercised | (3,450,000) | 0.89 |
| At December 31, 2002 | 64,549,997 | 1.52 |
| Issued in connection with issuance of shares | 100,359,522 | 2.27 |
| Exercised | (9,601,400) | 0.76 |
| At December 31, 2003 | 155,308,119 | $ 2.05 |

The following table summarizes information about the warrants outstanding at December 31, 2003:

| Expiry Date | Warrants Outstanding | Exercise Price (Cdn$) |
|---|---|---|
| May 30, 2007 | 112,461,095 | $ 1.65 |
| August 25, 2008 | 42,847,024 | 3.10 |
| | 155,308,119 | |

(c) Share purchase options

The Company has established a share purchase option plan whereby the Company's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option may be ten years, but generally options are granted for five years or less. The exercise price of an option is not less than the closing price on the Toronto Stock Exchange on the last trading day preceding the grant date. At December 31, 2003 there were 2,057,566 (2002 - 4,818,000) options available for grant under the plan.

A summary of the Company's options at December 31, 2003, 2002 and 2001 and the changes for the years ending on those dates is presented below:

| | Options Outstanding | Weighted Average Exercise Price (Cdn$) |
|---|---|---|
| At January 1, 2001 | 5,194,263 | $ 0.49 |
| Granted | 5,342,058 | 0.50 |
| Exercised | (1,988,520) | 0.35 |
| Expired | (1,900,800) | 0.47 |
| Forfeited | (528,487) | 0.86 |
| At December 31, 2001 | 6,118,514 | 0.52 |
| Granted | 3,646,000 | 1.16 |
| Exercised | (1,355,224) | 0.53 |
| Expired | (20,400) | 0.29 |
| Forfeited | (130,000) | 1.08 |
| At December 31, 2002 | 8,258,890 | 0.79 |
| Granted | 22,965,000 | 2.20 |
| Exercised | (6,620,694) | 1.09 |
| Forfeited | (132,333) | 1.24 |
| At December 31, 2003 | 24,470,863 | $ 2.03 |

The following table summarizes information about the options outstanding at December 31, 2003:

| Exercise Prices (Cdn$) | Options Outstanding | Weighted Average Exercise Price of Options Outstanding (Cdn$) | Weighted Average Remaining Contractual Life | Options Exercisable | Weighted Average Exercise Price of Options Exercisable (Cdn$) | Weighted Average Remaining Life of Options Exercisable |
|---|---|---|---|---|---|---|
| $0.35 to $0.86 | 2,221,202 | $ 0.53 | 1.6 years | 2,221,202 | $ 0.53 | 1.6 years |
| $1.10 to $1.92 | 13,379,661 | 1.47 | 3.7 years | 12,491,667 | 1.49 | 3.7 years |
| $3.25 | 8,870,000 | 3.25 | 4.9 years | 8,870,000 | 3.25 | 4.9 years |
| | 24,470,863 | $ 2.03 | 4.0 years | 23,582,869 | $ 2.06 | 4.0 years |

Share purchase options with a fair value of $467,000 were granted to non-employees in 2003 (2002 - $93,000; 2001 - $317,000). The compensation expense (2003 - $467,000; 2002 - $199,000; 2001 - $211,000) is charged to operations over the vesting period.

The following table summarizes information about options granted during 2003:

| Date Granted | Expiry Date | Share Purchase Options Granted | Exercise Price (Cdn$) |
|---|---|---|---|
| February 2003 | February 2006 | 4,445,000 | $ 1.40 |
| June 2003 | June 2008 | 9,450,000 | 1.60 |
| August 2003 | August 2008 | 200,000 | 1.92 |
| November 2003 | November 2008 | 8,870,000 | 3.25 |
| | | 22,965,000 | |

*Pro forma compensation expense*

If the Company had included share purchase options granted to employees in the calculation of compensation expense, net earnings would be as follows:

| (in thousands, except per share amounts) | **2003** | 2002 | 2001 |
|---|---|---|---|
| Net earnings (loss) | **$ 57,659** | $ 5,602 | $ (10,733) |
| Compensation expense of employees | **(15,925)** | (923) | (415) |
| Pro forma net earnings (loss) | **$ 41,734** | $ 4,679 | $ (11,148) |
| Pro forma basic and diluted earnings (loss) per share | **$ 0.10** | $ 0.03 | $ (0.19) |

Pro forma compensation expense is determined using an option pricing model assuming no dividends are to be paid, a weighted average volatility of the Company's share price of 60% (2002 – 70%; 2001 – 62%;), an annual risk free interest rate of 4% (2002 – 5%; 2001 – 5%) and expected lives of three years (2002 - five years). The weighted average fair value of options granted to directors, officers and employees during 2003 was $0.69 (2002 - $0.45; 2001 - $0.15).

## 16. SUPPLEMENTAL CASH FLOW INFORMATION

| (in thousands) | Note | **2003** | 2002 | 2001 |
|---|---|---|---|---|
| Change in non-cash working capital | | | | |
| Accounts receivable | | **$ 12,235** | $ (516) | $ (181) |
| Product inventory and stockpiled ore | | **(8,220)** | 501 | 1,314 |
| Supplies inventory | | **(1,524)** | 130 | 65 |
| Accounts payable and accrued liabilities | | **4,282** | (2,098) | 318 |
| Income taxes payable | | **370** | 38 | - |
| Other | | **(554)** | (296) | 107 |
| | | **$ 6,589** | $ (2,241) | $ 1,623 |
| Non-cash financing and investing activities | | | | |
| Promissory note issued | 12 (iv) | **$ 25,000** | $ - | $ - |
| Shares issued on acquisition of Luismin | 3 (a) | **22,367** | 6,805 | - |
| Shares issued on conversion of special warrants | 15 | **-** | 85,178 | 346 |
| Common shares issued to pay royalties | | **-** | - | 356 |
| Marketable securities received on sale of property, plant and equipment | | **1,263** | 207 | 2,636 |
| Operating activities included the following cash payments | | | | |
| Interest paid | | **$ 4,357** | $ 120 | $ 13 |
| Income taxes paid | | **489** | 227 | 104 |

## 17. RELATED PARTY TRANSACTIONS

Consulting and other expenses for 2003 of $2,288,000 (2002 - $1,512,000; 2001 - $373,000) were paid to corporations with directors in common and $nil (2002 - $nil; 2001 - $13,000) to a director of the Company. Restructuring expenses of $nil (2002 - $nil; 2001 - $80,000) were paid to corporations with common directors or ex-directors. Administration expenses for 2003 of $nil were recovered from companies with directors in common (2002 - $10,000; 2001 - $32,000). All transactions with related parties have been recorded at the exchange amounts which approximate fair values.

In connection with the private placement in May 2001, the Company entered into an agreement with Endeavour Financial Corporation ("Endeavour"). Corporations and persons associated with Endeavour purchased most of the private placement and Endeavour arranged the private placement. The original agreement was to May 2002 and has been subsequently extended on a monthly basis. The agreement requires the Company to pay $10,000 per month and a success fee to be negotiated based on the value of any acquisitions, dispositions and financings. Two directors of Endeavour are directors of the Company.

## 18. COMMITMENTS

Commitments exist at Alumbrera and Peak for capital expenditures in 2004 of $2,132,000. The Company rents premises and leases equipment under operating leases that expire over the next nine years. Operating lease expense in 2003 was $2,154,000 (2002 - $880,000; 2001 - $125,000). Following is a schedule of future minimum rental and lease payments required:

| (in thousands) | |
|---|---|
| 2004 | $ 1,616 |
| 2005 | 831 |
| 2006 | 329 |
| 2007 | 204 |
| 2008 | 166 |
| | 3,146 |
| Thereafter | 624 |
| Total minimum payments required | $ 3,770 |

## 19. SEGMENTED INFORMATION

The Company's reportable operating and geographical segments are summarized in the table below. Information pertaining to Luismin, Los Filos and El Limón is reported as one segment, being "Mexico". Combined statements of operations include the Company's 37.5% interest in Alumbrera as if it had been proportionately consolidated at 25% from March 18 to June 23, 2003, and then at 37.5% from June 24, 2003.

| | 2003 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in thousands) | Mexico | Australia | Argentina | Corporate | **Consolidated** | Adjustments | Argentina | **Combined** |
| **Statements of Operations** | | | | | | | | |
| Sales | $ 66,251 | $ 36,475 | $ 109,907 | $ - | **$ 212,633** | $ (109,907) | $ 142,141 | **$ 244,867** |
| Cost of sales | 34,422 | 24,301 | 33,231 | - | **91,954** | (33,231) | 45,795 | **104,518** |
| Depreciation and depletion | 6,242 | 4,254 | 21,897 | - | **32,393** | (21,897) | 29,589 | **40,085** |
| Other | 259 | 1,270 | 2,976 | - | **4,505** | (2,976) | 3,784 | **5,313** |
| | 40,923 | 29,825 | 58,104 | - | **128,852** | (58,104) | 79,168 | **149,916** |
| Earnings from mining operations | 25,328 | 6,650 | 51,803 | - | **83,781** | (51,803) | 62,973 | **94,951** |
| General and administrative expenses | (4,816) | - | - | (4,838) | **(9,654)** | - | - | **(9,654)** |
| Interest and finance fees | (264) | (46) | (1,919) | (2,089) | **(4,318)** | 1,919 | (3,043) | **(5,442)** |
| Other (expenses) income | (1,665) | 156 | 1,304 | 5,775 | **5,570** | (1,304) | 1,721 | **5,987** |
| Equity in earnings of Minera Alumbrera Ltd | - | - | - | 7,324 | **7,324** | (7,324) | - | - |
| Earnings before income taxes | 18,583 | 6,760 | 51,188 | 6,172 | **82,703** | (58,512) | 61,651 | **85,842** |
| Income tax (expense) recovery | (7,781) | (1,483) | (15,356) | (424) | **(25,044)** | 15,356 | (18,495) | **(28,183)** |
| Net earnings | $ 10,802 | $ 5,277 | $ 35,832 | $ 5,748 | **$ 57,659** | $ (43,156) | $ 43,156 | **$ 57,659** |

| (in thousands) | 2003 Mexico | Australia | Argentina | Corporate | Consolidated |
|---|---|---|---|---|---|
| **Balance Sheets** | | | | | |
| Cash and cash equivalents | $ 7,762 | $ 521 | $ 56,054 | $ 87,541 | **$ 151,878** |
| Other current assets | 9,520 | 5,666 | 56,420 | 1,296 | **72,902** |
| Property, plant and equipment | 293,370 | 39,144 | 251,057 | 340 | **583,911** |
| Other non-current assets | 4,619 | 6,098 | 59,170 | 12,427 | **82,314** |
| | $ 315,271 | $ 51,429 | $ 422,701 | $ 101,604 | **$ 891,005** |
| Current liabilities other than long-term debt | $ 10,932 | $ 5,418 | $ 18,345 | $ 1,601 | **$ 36,296** |
| Long-term debt | - | - | 57,980 | 64,443 | **122,423** |
| Other non-current liabilities | 99,240 | 7,767 | 67,847 | 1,314 | **176,168** |
| Inter-company balances | 189,307 | 32,967 | 235,373 | (457,647) | **-** |
| Shareholders' equity | 15,792 | 5,277 | 43,156 | 491,893 | **556,118** |
| | $ 315,271 | $ 51,429 | $ 422,701 | $ 101,604 | **$ 891,005** |
| Capital asset expenditures | $ 15,780 | $ 9,653 | $ 3,411 | $ 166 | **$ 29,010** |

| (in thousands) | 2002 Mexico | 2002 Corporate | 2002 Consolidated | 2001 Corporate | 2001 Other | 2001 Consolidated |
|---|---|---|---|---|---|---|
| **Statements of Operations** | | | | | | |
| Sales | $ 34,693 | $ - | **$ 34,693** | $ 9,010 | $ - | **$ 9,010** |
| Cost of sales | 19,355 | - | **19,355** | 5,452 | - | **5,452** |
| Depreciation and depletion | 3,028 | - | **3,028** | 324 | - | **324** |
| Other | 75 | - | **75** | 1,731 | - | **1,731** |
| | 22,458 | - | **22,458** | 7,507 | - | **7,507** |
| Earnings from mining operations | 12,235 | - | **12,235** | 1,503 | - | **1,503** |
| General and administrative expenses | (3,899) | (2,430) | **(6,329)** | (2,516) | - | **(2,516)** |
| Interest and finance fees | (82) | (405) | **(487)** | (13) | - | **(13)** |
| Other (expenses) income | (653) | 3,289 | **2,636** | (3,252) | (6,301) | **(9,553)** |
| Earnings (loss) before income taxes | 7,601 | 454 | **8,055** | (4,278) | (6,301) | **(10,579)** |
| Income tax (expense) recovery | (2,611) | 158 | **(2,453)** | (154) | - | **(154)** |
| Net earnings (loss) | $ 4,990 | $ 612 | **$ 5,602** | $ (4,432) | $ (6,301) | **$ (10,733)** |

| (in thousands) | | 2002 Mexico | | Corporate | | Consolidated |
|---|---|---|---|---|---|---|
| **Balance Sheets** | | | | | | |
| Cash and cash equivalents | $ | 6,223 | $ | 16,713 | $ | **22,936** |
| Other current assets | | 9,064 | | 2,334 | | **11,398** |
| Property, plant and equipment | | 110,654 | | 242 | | **110,896** |
| Other non-current assets | | 5,613 | | 1,255 | | **6,868** |
| | $ | 131,554 | $ | 20,544 | $ | **152,098** |
| Current liabilities | $ | 9,402 | $ | 510 | $ | **9,912** |
| Other non-current liabilities | | 32,009 | | 2,123 | | **34,132** |
| Inter-company balances | | 85,153 | | (85,153) | | **-** |
| Shareholders' equity | | 4,990 | | 103,064 | | **108,054** |
| | $ | 131,554 | $ | 20,544 | $ | **152,098** |
| Capital asset expenditures | $ | 4,681 | $ | 533 | $ | **5,214** |

## 20. DIFFERENCES IN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BETWEEN CANADA AND THE UNITED STATES

These financial statements are prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). The differences between Canadian GAAP and accounting principles generally accepted in the United States ("US GAAP") as they relate to these financial statements are summarized below:

| (in thousands, except per share amounts) | 2003 **Canadian GAAP** | Alumbrera Equity Adjustment (a) | US GAAP Adjustments | | **US GAAP** |
|---|---|---|---|---|---|
| **Consolidated Statements of Operations** | | | | | |
| Sales | $ **212,633** | $ (109,907) | $ - | | $ **102,726** |
| Cost of sales | **91,954** | (33,231) | - | | **58,723** |
| Depreciation and depletion | **34,171** | (21,897) | 3,548 | (c) | **15,822** |
| Royalties and reclamation | **4,505** | (2,976) | - | | **1,529** |
| General and administrative expenses | **9,654** | - | - | | **9,654** |
| Other income | **(7,348)** | 1,304 | - | | **(6,044)** |
| | **132,936** | (56,800) | 3,548 | | **79,684** |
| Earnings from operations | **79,697** | (53,107) | (3,548) | | **23,042** |
| Interest and finance fees | **(4,318)** | 1,919 | - | | **(2,399)** |
| Loss on derivative instruments | **-** | - | (2,121) | (e) | **(2,121)** |
| Equity in earnings of Minera Alumbrera Ltd | **7,324** | 35,832 | (1,615) | (e) | **41,541** |
| Earnings before income taxes | **82,703** | (15,356) | (7,284) | | **60,063** |
| Income tax (expense) recovery | **(25,044)** | 15,356 | 1,678 | (d) | **(8,010)** |
| Net earnings | $ **57,659** | $ - | $ (5,606) | | $ **52,053** |
| Marketable securities | **-** | - | (1,048) | (b) | **(1,048)** |
| Comprehensive income | $ **57,659** | $ - | $ (6,654) | | $ **51,005** |
| Earnings per share – basic | $ **0.14** | | | | $ **0.13** |
| Earnings per share – diluted | $ **0.13** | | | | $ **0.12** |

| (in thousands, except per share amounts) | 2002 Canadian GAAP | 2002 Alumbrera Equity Adjustment (a) | 2002 US GAAP Adjustments | | 2002 US GAAP |
|---|---|---|---|---|---|
| **Consolidated Statements of Operations** | | | | | |
| Sales | $ 34,693 | $ - | $ - | | $ 34,693 |
| Cost of sales | 19,355 | - | - | | 19,355 |
| Depreciation and depletion | 3,136 | - | 1,166 | (c) | 4,302 |
| Royalties and reclamation | 75 | - | - | | 75 |
| General and administrative expenses | 6,329 | - | - | | 6,329 |
| Other income | (2,744) | - | - | | (2,744) |
| | 26,151 | - | 1,166 | | 27,317 |
| Earnings from operations | 8,542 | - | (1,166) | | 7,376 |
| Interest and finance fees | (487) | - | - | | (487) |
| Earnings before income taxes | 8,055 | - | (1,166) | | 6,889 |
| Income tax expense | (2,453) | - | 373 | (d) | (2,080) |
| Net earnings | $ 5,602 | $ - | $ (793) | | $ 4,809 |
| Marketable securities | - | - | 1,247 | (b) | 1,247 |
| Comprehensive income | $ 5,602 | $ - | $ 454 | | $ 6,056 |
| Earnings per share – basic | $ 0.04 | | | | $ 0.04 |
| Earnings per share – diluted | $ 0.04 | | | | $ 0.03 |

| (in thousands, except per share amounts) | 2001 Canadian GAAP | 2001 Alumbrera Equity Adjustment (a) | 2001 US GAAP Adjustments | | 2001 US GAAP |
|---|---|---|---|---|---|
| **Consolidated Statements of Operations** | | | | | |
| Sales | $ 9,010 | $ - | $ - | | $ 9,010 |
| Cost of sales | 5,452 | - | - | | 5,452 |
| Depreciation and depletion | 349 | - | - | | 349 |
| Royalties and reclamation | 1,731 | - | - | | 1,731 |
| General and administrative expenses | 2,516 | - | - | | 2,516 |
| Other expenses | 9,528 | - | 589 | (f,j) | 10,117 |
| | 19,576 | - | 589 | | 20,165 |
| Loss from operations | (10,566) | - | (589) | | (11,155) |
| Interest and finance fees | (13) | - | - | | (13) |
| Gain on derivative instruments | - | - | 143 | (e) | 143 |
| Loss before income taxes | (10,579) | - | (446) | | (11,025) |
| Income tax expense | (154) | - | (4) | (d) | (158) |
| Net loss | $ (10,733) | $ - | $ (450) | | $ (11,183) |
| Marketable securities | - | - | 346 | (b) | 346 |
| Foreign exchange translation adjustment | - | | (1,226) | (j) | (1,226) |
| Comprehensive loss | $ (10,733) | $ - | $ (1,330) | | $ (12,063) |
| Loss per share – basic and diluted | $ (0.18) | | | | $ (0.19) |

| (in thousands) | 2003 Canadian GAAP | 2003 Alumbrera Equity Adjustment (a) | 2003 US GAAP Adjustments | | 2003 US GAAP |
|---|---|---|---|---|---|
| **Consolidated Balance Sheets** | | | | | |
| Cash and cash equivalents | $ 151,878 | $ (56,054) | $ - | | $ 95,824 |
| Accounts receivable (net of $89 allowance) | 31,824 | (25,129) | - | | 6,695 |
| Other current assets | 41,078 | (31,291) | 560 | (b) | 10,347 |
| Total Current Assets | 224,780 | (112,474) | 560 | | 112,866 |
| Property, plant and equipment | 583,911 | (251,057) | (4,714) | (c) | 328,140 |
| Investment in Minera Alumbrera Ltd | - | 278,529 | (1,615) | (e) | 276,914 |
| Other non-current assets | 82,314 | (59,170) | (2,121) | (e) | 21,023 |
| Total Assets | $ 891,005 | $ (144,172) | $ (7,890) | | $ 738,943 |
| Current liabilities other than long-term debt | $ 36,296 | $ (18,345) | $ - | | $ 17,951 |
| Current portion of long-term debt | 41,000 | (26,400) | - | | 14,600 |
| Total Current Liabilities | 77,296 | (44,745) | - | | 32,551 |
| Long-term debt | 81,423 | (31,580) | - | | 49,843 |
| Other non-current liabilities | 176,168 | (67,847) | (2,051) | (d) | 106,270 |
| Total Liabilities | 334,887 | (144,172) | (2,051) | | 188,664 |
| Total Shareholders' equity | 556,118 | - | (5,839) | | 550,279 |
| Total Liabilities and Shareholders' Equity | $ 891,005 | $ (144,172) | $ (7,890) | | $ 738,943 |

| (in thousands) | 2002 Canadian GAAP | 2002 Alumbrera Equity Adjustment (a) | 2002 US GAAP Adjustments | | 2002 US GAAP |
|---|---|---|---|---|---|
| **Consolidated Balance Sheets** | | | | | |
| Cash and cash equivalents | $ 22,936 | $ - | $ - | | $ 22,936 |
| Accounts receivable (net of $73 allowance) | 5,617 | - | - | | 5,617 |
| Other current assets | 5,781 | - | 1,608 | (b) | 7,389 |
| Total Current Assets | 34,334 | - | 1,608 | | 35,942 |
| Property, plant and equipment | 110,896 | - | (1,166) | (c) | 109,730 |
| Other non-current assets | 6,868 | - | - | | 6,868 |
| Total Assets | $ 152,098 | $ - | $ 442 | | $ 152,540 |
| Total Current Liabilities | $ 9,912 | $ - | $ - | | $ 9,912 |
| Other non-current liabilities | 34,132 | - | (373) | (d) | 33,759 |
| Total Liabilities | 44,044 | - | (373) | | 43,671 |
| Total Shareholders' equity | 108,054 | - | 815 | | 108,869 |
| Total Liabilities and Shareholders' Equity | $ 152,098 | $ - | $ 442 | | $ 152,540 |

## Consolidated Statements of Shareholders' Equity

| (dollars, shares and warrants in thousands) | Common Shares | | Special Warrants | | Share Purchase Warrants | | Share Purchase Options | Con-tributed | Compre-hensive | Retained Earnings | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Warrants | Amount | Warrants | Amount | Amount | Surplus | Income | (Deficit) | Total |
| At January 1, 2001 | 52,729 | $ 28,410 | - | $ - | 2,000 | $ 242 | $ 80 | $ 675 | $ (607) | $ (4,352) | $ 24,448 |
| Shares issued for royalty payments | 900 | 366 | - | - | - | - | - | - | - | - | 366 |
| Special warrants issued | - | - | 11,000 | 3,557 | - | - | - | - | - | - | 3,557 |
| Special warrants exercised | 1,090 | 200 | (1,090) | (356) | 1,090 | 156 | - | - | - | - | - |
| Stock options exercised | 1,989 | 450 | - | - | - | - | - | - | - | - | 450 |
| Shares repurchased and cancelled | (107) | (52) | - | - | - | - | - | 29 | - | - | (23) |
| Share issue costs | - | (384) | - | - | - | - | - | - | - | - | (384) |
| Fair value of stock options issued | - | - | - | - | - | - | 326 | - | - | - | 326 |
| Marketable securities | - | - | - | - | - | - | - | - | 346 | - | 346 |
| Foreign currency translation | - | - | - | - | - | - | - | - | (1,226) | - | (1,226) |
| Net loss | - | - | - | - | - | - | - | - | - | (11,183) | (11,183) |
| At December 31, 2001 | 56,601 | 28,990 | 9,910 | 3,201 | 3,090 | 398 | 406 | 704 | (1,487) | (15,535) | 16,677 |
| Special warrants issued | - | - | 110,000 | 82,068 | - | - | - | - | - | - | 82,068 |
| Special warrants exercised | 119,910 | 66,246 | (119,910) | (85,269) | 64,910 | 19,023 | - | - | - | - | - |
| Stock options exercised | 1,355 | 411 | - | - | - | - | - | - | - | - | 411 |
| Warrants exercised | 3,450 | 2,454 | - | - | (3,450) | (444) | - | - | - | - | 2,010 |
| Shares issued on acquisition of Luismin | 9,084 | 6,805 | - | - | - | - | - | - | - | - | 6,805 |
| Share issue costs | - | (5,251) | - | - | - | - | - | - | - | - | (5,251) |
| Fair value of stock options issued | - | - | - | - | - | - | 93 | - | - | - | 93 |
| Marketable securities | - | - | - | - | - | - | - | - | 1,247 | - | 1,247 |
| Net earnings | - | - | - | - | - | - | - | - | - | 4,809 | 4,809 |
| At December 31, 2002 | 190,400 | 99,655 | - | - | 64,550 | 18,977 | 499 | 704 | (240) | (10,726) | 108,869 |
| Share options exercised | 6,621 | 5,431 | - | - | - | - | - | - | - | - | 5,431 |
| Warrants exercised | 9,602 | 6,542 | - | - | (9,602) | (1,350) | - | - | - | - | 5,192 |
| Shares issued | 327,074 | 357,896 | - | - | 100,360 | 44,370 | - | - | - | - | 402,266 |
| Share issue costs | - | (22,951) | - | - | - | - | - | - | - | - | (22,951) |
| Fair value of stock options issued | - | - | - | - | - | - | 467 | - | - | - | 467 |
| Marketable securities | - | - | - | - | - | - | - | - | (1,048) | - | (1,048) |
| Net earnings | - | - | - | - | - | - | - | - | - | 52,053 | 52,053 |
| At December 31, 2003 | 533,697 | $446,573 | - | $ - | 155,308 | $ 61,997 | $ 966 | $ 704 | $ (1,288) | $ 41,327 | $550,279 |

| (in thousands) | 2003 | 2002 | 2001 |
|---|---|---|---|
| **Consolidated Statements of Cash Flows** | | | |
| Operating activities | | | |
| Operating activities under Canadian GAAP | $ 126,678 | $ 4,361 | $ 1,691 |
| Alumbrera equity adjustment (a) | (57,801) | - | - |
| Foreign exchange translation adjustment (j) | - | - | 58 |
| Operating activities under US GAAP | $ 68,877 | $ 4,361 | $ 1,749 |
| Financing activities | | | |
| Financing activities under Canadian GAAP | $ 375,024 | $ 79,238 | $ 3,497 |
| Alumbrera equity adjustment (a) | 19,362 | - | - |
| Foreign exchange translation adjustment (j) | - | - | 102 |
| Financing activities under US GAAP | $ 394,386 | $ 79,238 | $ 3,599 |
| Investing activities | | | |
| Investing activities under Canadian GAAP | $ (372,760) | $ (62,398) | $ (14,486) |
| Alumbrera equity adjustment (a) | (17,615) | - | - |
| Foreign exchange translation adjustment (j) | - | - | (431) |
| Investing activities under US GAAP | $ (390,375) | $ (62,398) | $ (14,917) |
| Effect of foreign exchange on cash and cash equivalents | $ - | $ - | $ (414) |

(a) Joint Venture

Under Canadian GAAP, the Company has accounted for its joint venture interest in Alumbrera on a proportionate consolidation basis. Under US GAAP, the Company is required to equity account for its investment in Alumbrera and record in earnings its proportionate share of Alumbrera net income in accordance with US GAAP.

(b) Marketable securities

Marketable securities are carried at the lower of cost and market value under Canadian GAAP. Under Statement of Financial Accounting Standards ("SFAS") No. 115, portfolio investments classified as available-for-sale securities are recorded at market value. The resulting gains or losses are included in the determination of other comprehensive income.

(c) Depreciation and depletion

Under Canadian GAAP, depletion expense is calculated in reference to proven and probable reserves and a portion of resources, whereas under US GAAP, depletion expense is calculated in reference to proven and probable reserves only.

(d) Income taxes

Under Canadian GAAP, future income taxes are calculated based on enacted or substantially enacted tax rates applicable to future years. Under US GAAP, only enacted rates are used in the calculation of future income taxes. This difference in GAAP did not result in a difference in the financial position, results of operations or cash flows of the Company for the years ended December 31, 2003, 2002 and 2001.

US GAAP adjustments have been tax affected based on enacted or substantially enacted statutory tax rates applicable to the relevant jurisdiction.

(e) Accounting for derivative instruments and hedging activities

SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, is effective for all fiscal years beginning after June 15, 2000 and standardizes the accounting for derivative instruments. The Company has chosen, for US GAAP purposes, to mark its foreign exchange, gold and interest rate derivative contracts to market. The Company's put options on future gold production have been excluded from the mark-to-market calculation as it expects to deliver into these contracts in the normal course of business.

(f) Share purchase warrants

The Company, from time to time, issues special warrants which are normally comprised of a common share and either a whole or portion of a share purchase warrant. The special warrant is issued at the current market value of the common share and the share purchase warrant is normally exercisable at or higher than market value. Under Canadian GAAP the proceeds of the special warrant are allocated to the common share with no value being assigned to the share purchase warrant. Under US GAAP the gross proceeds would be allocated between the shares and warrants based on the relative fair value of the special warrant components at the date the Company has a contractual liability to issue the special warrants.

Prior to 2001, the Company issued share purchase warrants in connection with the acquisition of a mineral property and the issuance of debt. Under Canadian GAAP, no values were assigned to these purchase warrants. Under US GAAP, these warrants would be recorded at their fair values and be recorded as additional paid in capital at the date of issuance.

(g) Stock-based compensation

For US GAAP purposes the Company accounts for stock-based compensation to employees and directors under Accounting Principles Board Opinion No 25, Accounting for Stock Issued to Employees, ("APB No. 25"), using the intrinsic value based method whereby compensation expense is recorded for the excess, if any, of the quoted market price at the date granted over the exercise price. No compensation cost has been recorded in 2003, 2002 and 2001, respectively, under this method.

SFAS No. 123, Accounting for Stock-Based Compensation, requires the use of the fair value based method of accounting for stock options. Under this method, compensation cost is measured at the grant date based on the fair value of the options granted and is recognized over the vesting period. SFAS No. 123, however, allows the Company to continue to measure the compensation expense of employees in accordance with APB No. 25. The Company has adopted the disclosure-only provisions of SFAS No. 123.

The following pro forma financial information presents the net earnings (loss) for the years ended December 31 and the earnings (loss) per share had the Company adopted SFAS 123 for all stock options issued to directors, officers and employees.

| (in thousands) | 2003 | 2002 | 2001 |
|---|---|---|---|
| Net earnings (loss) for the period under US GAAP | $ 52,053 | $ 4,809 | $ (11,183) |
| Additional stock-based compensation expense (Note 15 (c)) | (15,925) | (923) | (415) |
| Pro forma net earnings (loss) | $ 36,128 | $ 3,886 | $ (11,598) |
| Pro forma basic earnings (loss) per share | $ 0.09 | $ 0.03 | $ (0.19) |
| Pro forma diluted earnings (loss) per share | $ 0.08 | $ 0.03 | $ (0.19) |

(h) Financial statement presentation

For US GAAP purposes, the measure "Earnings from mining operations" is not a recognized term and would therefore not be presented. Instead, "Earnings from operations" has been calculated as net earnings (loss), before interest and finance fees, derivative instruments, equity in earnings of Minera Alumbrera Ltd and income taxes.

(i) Flow-through shares

Under Canadian GAAP, flow-through shares are recorded at their face value, net of related issuance costs. When eligible expenditures are made, the carrying value of these expenditures may exceed their tax value. The tax effect of this temporary difference is recorded as a cost of issuing the shares.

The Financial Accounting Standards Board ("FASB") staff has taken the view that under SFAS No. 109, Accounting for Income Taxes, the proceeds from issuance should be allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference. The liability is reversed when tax benefits are renounced and a deferred tax liability is recognized at that time. Income tax expense is the difference between the amount of deferred tax liability and the liability recognized on issuance. The flow-through shares issued during 2001 were granted at the fair value of existing non flow-through shares. As such, no liability was recognized for the difference between the quoted price of the existing shares and the amount paid for the flow-through shares.

(j) Foreign currency translation

Under Canadian GAAP, as a result of the Company's adoption of the US dollar as its functional currency, the Company's consolidated financial statements for the year ended December 31, 2001, have been translated from Canadian dollars into US dollars at a rate of $1 to $1.5935.

Under US GAAP, this change in the functional currency would require a restatement of the Company's financial statements whereby monetary assets and liabilities of the Company would be translated into US dollars at the exchange rate in effect at the balance sheet date and non-monetary assets, liabilities and share capital at the exchange rates in effect at the time of acquisition or issue. Revenues, expenses and financing and investing activities would be translated at rates approximating exchange rates in effect at the time of the transactions.

Under Canadian GAAP, the Company's foreign currency denominated subsidiaries were translated into Canadian dollars whereby monetary items were translated at the rate of exchange in effect at the balance sheet date and non-monetary items were translated at historical exchange rates. The resulting Canadian dollar denominated subsidiary statements were translated into US dollars at a rate of $1 to $1.5935. Under US GAAP, the Company's foreign currency denominated subsidiaries would be translated using the method whereby assets and liabilities would be translated at foreign exchange rates in effect at the balance sheet date and revenues and expenses would be translated at average foreign exchange rates in effect during the period. Adjustments arising from the translation of the Company's foreign currency denominated subsidiaries would be deferred and recorded under a separate component of Shareholders' Equity.

(k) Pro forma information on business combinations

Under US GAAP, SFAS 141 requires disclosure of certain pro forma information when a business combination is effected. The following table presents the unaudited pro forma results of operations for informational purposes, assuming that the Company had acquired Alumbrera and Peak at the beginning of 2002 and Luismin at the beginning of 2001:

| (in thousands) | | 2003 | | 2002 | | 2001 |
|---|---|---|---|---|---|---|
| Sales | $ | **110,413** | $ | 99,540 | | 76,996 |
| Net earnings (loss) | | **75,149** | | 25,181 | | (5,903) |
| Pro forma basic earnings (loss) per share | $ | **0.18** | $ | 0.07 | $ | (0.03) |
| Pro forma diluted earnings (loss) per share | $ | **0.17** | $ | 0.07 | $ | (0.03) |

The pro forma results of operations give effect to certain adjustments including the increase in depletion, depreciation and amortization resulting from adjustments to asset carrying values on the acquisitions of Alumbrera, Peak and Luismin. The pro forma basic and diluted earnings per share have been calculated assuming the special warrants and common shares issued in connection with the acquisitions of Alumbrera and Peak, and Luismin were issued at the beginning of 2002 and 2001 respectively. This information may not be necessarily indicative of the future combined results of operations of the Company.

(l) Recently released accounting standards

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equities. SFAS No. 150 requires certain financial instruments that were accounted for as equity under previous guidance to now be accounted for as liability. SFAS No. 150 applies to mandatory redeemable stock and certain financial instruments that require or may require settlement by transferring cash or other assets. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company has not issued any financial instruments that fall under the scope of SFAS No. 150 and does not expect that the adoption of this statement will have a material impact on the Company's financial position or results of operations.

In April 2003, SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities, was issued. In general, this statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. This statement is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The Company is in the process of evaluating the impact the adoption of SFAS No. 149 will have on its consolidated financial position or results of operations.

In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities, an interpretation of ARB No. 51. FIN No. 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 is effective for all new variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN No. 46 must be applied for the first interim or annual period beginning after June 15, 2003. It is not expected that the adoption of FIN No. 46 will have a material effect on the Company's financial position or results of operations.

## 21. SUBSEQUENT EVENTS

(a) Acquisition of Amapari gold development project

On January 9, 2004 the Company acquired a 100% interest in the Amapari gold development project in Brazil for total consideration of $113.5 million including acquisition costs. Of the purchase price, $25 million was paid in cash and the remainder by way of 33 million Wheaton common shares and 21.5 million Series "B" common share purchase warrants.

The acquisition of Amapari has been accounted for using the purchase method. The preliminary allocation of the purchase price is summarized in the table below.

(in thousands)

| | |
|---|---|
| Purchase price: | |
| Cash paid | $ 25,000 |
| Shares and share purchase warrants issued | 87,300 |
| Acquisition costs | 1,200 |
| | $ 113,500 |
| Net assets acquired: | |
| Cash | $ 300 |
| Non-cash working capital | (2,000) |
| Property, plant and equipment | 130,400 |
| Debt, due in 2004 | (15,200) |
| | $ 113,500 |

(b) Proposed combination with IAMGOLD Corporation

On March 30, 2004, the Company announced a proposed combination with IAMGOLD Corporation ("IAMGOLD") that will be completed by way of a plan of arrangement whereby each share of the Company will be exchanged for 0.55 of an IAMGOLD share. As a result of the proposed transaction, the combined company will be held 68% by existing Wheaton shareholders and 32% by existing IAMGOLD shareholders (74% and 26% respectively, on a fully diluted basis). The combination is subject to due diligence, to be concluded before April 30, 2004 whereupon the parties will enter into a definitive agreement. The combination is subject to receipt of all requisite regulatory approvals, third party consents and other conditions customary in transactions of this nature. The combination must be approved by at least two-thirds of the votes cast by the shareholders of Wheaton and by a majority of the votes cast by the shareholders of IAMGOLD. The shareholder meetings are expected to be held in June 2004, with the transaction expected to close shortly thereafter. If the combination does not occur as a result of one of the parties accepting a superior proposal from a competing bidder then the party which accepted the superior proposal will be required to pay a fee equal to three percent of its market capitalization to the other party.

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